

Please note: These transcripts are not individually reviewed and approved for accuracy.

BEFORE THE  
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD  
MARKET DEVELOPMENT COMMITTEE

IN THE MATTER OF THE:            )  
  )  
MARKET DEVELOPMENT                )  
COMMITTEE MEETING                 )  
  )

DATE AND TIME:           WEDNESDAY, JANUARY 7, 1998  
                                  9:30 A.M.

PLACE:                    BOARD HEARING ROOM  
                             8800 CAL CENTER DRIVE  
                             SACRAMENTO, CALIFORNIA

REPORTER:                MARK I. BRICKMAN, RPR, CSR  
                             CERTIFICATE NO. 5527

BRS FILE NO.:            43544

APPEARANCES

MR. PAUL RELIS, CHAIRMAN  
MR. DANIEL PENNINGTON, MEMBER (NOT PRESENT)  
MR. WESLEY CHESBRO, CHAIRMAN

PRESENT

MR. RALPH CHANDLER, EXECUTIVE DIRECTOR  
MR. KEITH SMITH, DEPUTY DIRECTOR  
MR. ELLIOT BLOCK, LEGAL COUNSEL  
MS. DONNELL DUCLO, COMMITTEE SECRETARY



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1           SACRAMENTO, CALIFORNIA - WEDNESDAY, JANUARY 7, 1998

2                               9:30 A.M.

3

4                   CHAIRMAN RELIS:  WE'LL CALL TO ORDER THE  
5 MARKET DEVELOPMENT COMMITTEE.

6                               DONNELL, WOULD YOU PLEASE CALL THE ROLL?

7                   THE SECRETARY:  BOARD MEMBER PENNINGTON.

8                   MEMBER PENNINGTON:  HERE.

9                   THE SECRETARY:  CHESBRO.

10                  MEMBER CHESBRO:  HERE.

11                  THE SECRETARY:  CHAIRMAN RELIS.

12                  CHAIRMAN RELIS:  HERE.

13                               LET'S SEE.  ANY EX-PARTE BUSINESS?

14                  MEMBER PENNINGTON:  NO.  I DON'T BELIEVE I'VE  
15 TALKED TO ANYBODY THAT I CAN'T TALK TO.

16                  CHAIRMAN RELIS:  WELL, BEFORE WE GET INTO THE  
17 MEETING, I JUST WANT TO SAY THAT THIS IS GOING TO BE MY  
18 FINAL MEETING AS A CHAIR OF THIS COMMITTEE, AND I HAVE  
19 VERY MIXED FEELINGS ABOUT THAT.  I NEED TO MOVE ON FOR  
20 PERSONAL REASONS, BUT I'VE CERTAINLY GREATLY ENJOYED  
21 WORKING WITH ALL OF YOU OVER THE YEARS.

22                               THIS COMMITTEE HAS BEEN VERY CLOSE TO MY  
23 HEART; IT'S BEEN A SUBJECT THAT I HAVE A GREAT PASSION  
24 FOR AS A BOARD MEMBER AND BEFORE THAT, SO I THINK IT'S  
25 NEVER A GOOD TIME TO LEAVE, BUT, YOU KNOW, THESE THINGS



1       HAPPEN.

2                   SO I WANT TO THANK YOU FOR ALL THE GREAT  
3       WORK YOU'VE DONE, AND WE'VE COME A LONG WAY AT THE  
4       BOARD WITH OUR MARKET DEVELOPMENT EFFORTS.

5                   I THINK OF SIX AND A HALF, SEVEN -- NOT  
6       QUITE SIX AND A HALF YEARS AGO, AND WE WERE JUST  
7       GETTING INTO THINGS THEN. THE LOAN PROGRAM HAD NOT  
8       REALLY KICKED OFF AND WE HAD A MARKET DEVELOPMENT  
9       PLAN.

10                  WE WERE MAKING PROGRESS, AND NOW, YOU  
11       KNOW, WE'RE AT A 30 PLUS PERCENT DIVERSION. WE HAVE  
12       MARKETS FOR THOSE MATERIALS. I THINK THERE WERE  
13       SKEPTICS WHO NEVER BELIEVED THAT WE WOULD HAVE A  
14       MARKET FOR 25 PERCENT OF THE MATERIALS IN CALIFORNIA.

15                  THAT'S NOT TO SAY WE CAN REST ON OUR  
16       LAURELS. THERE IS A GREAT DEAL OF HARD WORK TO BE  
17       DONE. IT'S GOING TO BE HARD TO MAKE PROGRESS WITH  
18       CERTAIN MATERIALS. WE HAVE CHALLENGES WITH PAPER; WE  
19       HAVE CHALLENGES WITH PLASTICS; WE HAVE NEW GROWTH AREAS  
20       WITH C&D ORGANICS AND -- BUT I THINK ALL OF YOU ON THE  
21       STAFF, SPEAKING TO THE STAFF, YOU HAVE A LOT TO BE  
22       PROUD OF.

23                  I THINK WE HAVE A GREAT EFFORT GOING HERE  
24       IN CALIFORNIA. THIS IS A LEADING STATE IN THE COUNTRY,  
25       AND I THINK IT'S GOING TO BECOME EVER MORE SO IN THE





1 YEARS AHEAD IF WE JUST STICK TO THE KNITTING, SO I WANT  
2 TO THANK YOU.

3 MEMBER CHESBRO: MR. CHAIRMAN, NOT TO BRING  
4 UP OLD HISTORY, BUT I WILL SAY THAT YOU MAY RECALL  
5 EARLY ON WE FOUGHT FOR THE CHAIRMANSHIP OF THIS  
6 COMMITTEE, AND IT WASN'T ALL THAT FRIENDLY AT THE  
7 TIME.

8 I WOULD LIKE TO SAY THAT SINCE THAT  
9 TIME, PAUL, YOU AND I HAVE, I THINK, AGREED AND I'VE  
10 SUPPORTED YOUR LEADERSHIP ON THIS COMMITTEE, AND I  
11 FEEL YOU'VE DONE AN OUTSTANDING JOB, AND I -- I WOULD  
12 LIKE TO THANK YOU AND COMPLIMENT YOU FOR THAT  
13 LEADERSHIP.

14 I THINK YOU'VE HAD THE WISDOM TO PICK  
15 SOMETHING YOU CARE ABOUT AND -- AND FOCUS ON THAT,  
16 FOCUS, FOCUS, FOCUS, YOU KNOW, AND REALLY TRIED TO  
17 CARRY THE BALL IN THIS PARTICULAR AREA OF OUR VERY  
18 DIVERSE AND BROAD -- BROAD AREA OF RESPONSIBILITY --  
19 AREAS OF RESPONSIBILITY.

20 THAT'S PAID OFF, PARTICULARLY IN THE AREA  
21 OF ORGANICS, AND I THINK THAT YOU -- OF COURSE, THERE'S  
22 GREAT STAFF OUT THERE THAT MADE IT HAPPEN FOR YOU AND  
23 FOR US, BUT I THINK THAT YOUR LEADERSHIP AND YOUR  
24 PERSISTENCE HAS REALLY BEEN THE KEY TO THE TERRIFIC  
25 SUCCESS WE'VE HAD. REALLY TAKING WHAT IN THE EARLY



1       DAYS SEEMED LIKE AN IMPOSSIBLE TASK, WHICH IS TO  
2       CONVINCE AGRICULTURE THAT TAKING A PORTION OF  
3       CALIFORNIA'S WASTESTREAM AND PUTTING IT IN LAND WAS A  
4       GOOD THING.

5                   I REMEMBER A TIME WHEN WE WERE ALL  
6       SCRATCHING OUR HEADS SAYING, "GEE, IS THAT GOING TO BE  
7       POSSIBLE?" IT'S -- IT'S REALLY GONE BEYOND WHAT'S  
8       POSSIBLE AND HAPPENING IN A REALLY DRAMATIC WAY.

9                   IN MARKETS OVERALL, BUT IN PARTICULAR IN  
10      THE AREA OF ORGANICS, I THINK THAT YOU DESERVE A REAL  
11      STRONG THANKS FROM THE PEOPLE OF CALIFORNIA FOR YOUR  
12      CONTRIBUTION.

13                  CHAIRMAN RELIS: THANKS, WES. APPRECIATE IT.

14                  MEMBER PENNINGTON: MY TURN NOW. ALTHOUGH  
15      I'M GOING TO HAVE A GREAT DEAL MORE TO SAY AT THE  
16      BOARD MEETING, I WOULD JUST SAY THAT THERE IS A SAYING  
17      IN SHOW BUSINESS THAT YOU LEAVE THEM WANTING MORE, AND  
18      SO I'LL SAY THAT YOU ARE LEAVING US WANTING MORE OF  
19      YOUR LEADERSHIP AND YOUR EFFORT AND YOUR KNOWLEDGE, SO  
20      YOU'LL BE -- YOU'LL BE MISSED VERY MUCH.

21                  CHAIRMAN RELIS: THANKS.

22                  MEMBER PENNINGTON: WE'LL BE ANXIOUS TO HEAR  
23      FROM YOU.

24                  CHAIRMAN RELIS: WELL, I DON'T WANT TO THINK  
25      ABOUT THAT TOO MUCH.



1                   LET'S SEE. WE HAVE SOME BUSINESS TO  
2           CONDUCT HERE, AND I'D LIKE TO NOW DIRECT THE FOCUS TO  
3           CAREN AND HER REPORT AND TO INTRODUCE OUR AGENDA ITEMS  
4           FOR TODAY.

5                   MS. TRGOVCICH: GOOD MORNING, CHAIRMAN RELIS  
6           AND MEMBERS. WE HAVE A RATHER LENGTHY AGENDA TODAY.  
7           LET'S PUT IT THIS WAY, SOME ITEMS THAT ARE RATHER  
8           LENGTHY ON THE AGENDA TODAY, SO I WILL BE BRIEF IN MY  
9           REPORT.

10                   FIRST OF ALL, TO FOLLOW UP ON -- WITH  
11           CHAIRMAN RELIS' REMARKS REGARDING THE MARKETING  
12           PLANNING, THE MARKETING STRATEGY, THE FIRST ITEM I WANT  
13           TO TALK ABOUT IS OUR MARKETING EFFORTS.

14                   AS YOU'RE WELL AWARE, WE HAVE UNDERTAKEN  
15           EXTENSIVE EFFORT TO BE ABLE TO MARKET THE LOAN  
16           PROGRAM. TELEMARKETING HAS BEEN AN IMPORTANT ASPECT  
17           OF THIS PROGRAM THAT WE UNDERTAKE.

18                   IN THE LAST FEW WEEKS, WE'VE SENT DIRECT  
19           MAIL PACKAGES TO OVER 121,000 PROSPECTIVE LOAN  
20           CUSTOMERS IN THE SAN JOSE AND LOS ANGELES COUNTIES  
21           RMDZ'S. THIS CONTINUES OUR COOPERATIVE WORK WITH THE  
22           ZONE ADMINISTRATORS TO WORK WITH THEM ON DEVELOPING A  
23           PROGRAM AND MARKETING APPROACH THAT THEY WANT TO SEE  
24           HAPPEN IN THEIR ZONE, AND THIS IS WHAT SAN JOSE AND  
25           LOS ANGELES HAS REQUESTED.



1 WE WILL BE FOLLOWING UP TO ALL OF THESE  
2 PACKAGES THAT WERE SENT OUT, AND OUR PREVIOUS EFFORTS  
3 HAVE RESULTED IN MANY PROSPECTS IN THE LOAN PROGRAMS.  
4 MANY OF THE APPLICATIONS THAT HAVE BEEN FORWARDED AND  
5 APPROVED HAS RESULTED IN OUR TELEMARKETING EFFORTS.

6 TO REPORT, AS WELL, ON THE LOAN PROGRAM  
7 ITSELF, AS YOU ARE AWARE, EVERY SIX MONTHS, WE ADJUST  
8 THE INTEREST RATE FOR THE RMDZ LOAN PROGRAM. IT IS  
9 BASED UPON THE SURPLUS MONEY INVESTMENT FUND RATE. WE  
10 ADJUST THAT RATE IN DECEMBER AND IN JUNE OF EACH YEAR.

11 I'D LIKE TO REPORT TO YOU THAT FOR THE  
12 RATE BEGINNING JANUARY 1 OF 1998, THIS PAST WEEK, THE  
13 RATE HAS BEEN ADJUSTED UPWARDS ONE-TENTH OF ONE  
14 PERCENT FROM 5.6 PERCENT TO 5.7 PERCENT.

15 CHAIRMAN RELIS: HEY, WE'RE GOING THE WRONG  
16 WAY WITH THE MONEY.

17 MS. TRGOVCICH: THAT'S WHAT I SAID. I THINK  
18 WHAT'S INTERESTING TO NOTE IS THAT THE SMITH RATE HAS  
19 INCREASED DESPITE THE OVERALL DECREASE IN INTEREST  
20 RATES, WHICH YOU'VE JUST ACKNOWLEDGED THERE, AND IT'S  
21 PRIMARILY DUE TO THE FACT THAT THE SMITH IS COMPRISED  
22 OF A VARIETY OF INVESTMENTS, SHORT, INTERMEDIATE, AND  
23 LONG-TERM INVESTMENTS WHICH LAG THE MARKET TRENDS AND  
24 THE BETTER RESULTS FROM THE TREASURER'S OFFICE.

25 SO HOPEFULLY WE WILL SEE OURSELVES CATCH





1 UP AT THE NEXT SIX-MONTH ADJUSTMENT PERIOD, SO MAYBE  
2 WHEN INTEREST RATES ARE GOING UP, OURS WILL GO DOWN.

3 AS FAR AS THE LOAN FUND STATUS, THIS WAS  
4 A BIG MONTH FOR US. WE PEAKED THE 25 MILLION MARK IN  
5 LOANS FUNDED BY THE BOARD. WE HAVE NOW CLOSED 12 --  
6 59 LOANS FOR A TOTAL OF \$25.2 MILLION.

7 WE HAVE FOUR LOAN APPLICATIONS TOTALING  
8 TWO MILLION WHICH ARE MOVING THROUGH THE CLOSING  
9 PROCESS AS WE SPEAK. THERE'S APPROXIMATELY \$18.8  
10 MILLION REMAINING FOR RMDZ LOANS THIS FISCAL YEAR AND  
11 ANOTHER ONE MILLION DOLLAR ENTIRE LOAN FUND THAT HAVE  
12 BEEN ALLOCATED BY THE BOARD. DURING THE MONTH OF  
13 JANUARY, WE WILL BE CLOSING THE TWO LOANS AND YOU WILL  
14 SEE THAT LOAN DOLLAR AMOUNT THEN DROP BY THAT AMOUNT.

15 I'D LIKE TO ALSO REPORT TO THE COMMITTEE  
16 AS ONE OF THE ACTIONS UNDER THE MARKET DEVELOPMENT  
17 PLAN THAT THE COMMITTEE ADOPTED AND THE BOARD APPROVED  
18 LAST YEAR, THE -- THE REVISION TO THE PLAN, WE HAD ON  
19 SCHEDULE A PLASTICS WORKSHOP. THERE WERE, IN FACT,  
20 TWO WORKSHOPS THAT WERE SCHEDULED FOR THIS MONTH.

21 DUE TO A NUMBER OF CONFERENCES THAT ARE  
22 BEING HELD THIS MONTH, NEXT MONTH, AND THE FOLLOWING  
23 MONTH, THAT HAS RESULTED IN A LOW INTEREST IN OUR  
24 PARTICULAR WORKSHOPS.

25 THE SAN JOSE WORKSHOP, WHICH WAS GOING TO



1 BE FOCUSED ON THE ELECTRONICS INDUSTRY AND THE AMAZON  
2 WORKSHOP WAS GOING TO BE FOCUSED IN THE AUTOMOTIVE  
3 INDUSTRY. IN ORDER TO GET GREATER PARTICIPATION, WE  
4 HAVE POSTPONED THOSE WORKSHOPS. THE SPEAKERS HAVE BEEN  
5 NOTIFIED, AND OUR CONTRACTOR, WHICH IS COORDINATING  
6 THOSE WORKSHOPS, IS WORKING WITH US TO BE ABLE TO  
7 SCHEDULE THOSE WORKSHOPS FOR LATER IN THE FISCAL YEAR.  
8 SO YOU WILL SEE MORE ON THAT. WE WILL CONTINUE OUR  
9 WORK TO PREPARE FOR THOSE WORKSHOPS.

10 WE RECENTLY ATTENDED THE SOCIETY OF  
11 PLASTIC ENGINEERS ANNUAL RECYCLING CONFERENCE IN  
12 CHICAGO. IT WAS A VERY LARGE EVENT WITH PLASTICS  
13 EXPERTS FROM ALL OVER THE COUNTRY ATTENDING.

14 WE'VE IDENTIFIED ADDITIONAL SPEAKERS  
15 WHICH WE HOPE WILL BE ABLE TO INCREASE THE INTEREST IN  
16 THOSE INDIVIDUALS WANTING TO ATTEND THESE TWO WORKSHOPS  
17 AT A LATER DATE.

18 THAT CONCLUDES MY REPORT AT THIS TIME.  
19 IF YOU HAVE ANY QUESTIONS, I'LL BE HAPPY TO ANSWER  
20 THEM, BUT WE CAN MOVE INTO THE DAY'S AGENDA.

21 CHAIRMAN RELIS: ANY QUESTIONS?

22 BEFORE WE MOVE INTO THE DAY'S AGENDA, I  
23 INTEND TO SAY A LOT MORE TOWARD THE END OF THE MONTH,  
24 BUT I -- I WANT TO UNDERSCORE I APPRECIATE THE  
25 COMMENTS VERY MUCH.



1 I OWE A LOT OF WHATEVER ACCOMPLISHMENTS  
2 WE'VE ACHIEVED IN OUR OFFICE WORKING WITH STAFF TO  
3 HOWARD, FITZ, AND DONNELL. YOU KNOW, THERE'S ALWAYS A  
4 STORY BEHIND WHATEVER ACCOMPLISHMENTS THERE ARE THAT  
5 DOESN'T GET STATED, AND HOWARD AND FITZ HAVE BEEN OF  
6 INESTIMABLE HELP TO ME IN BOTH CONCEPTUALIZING AND  
7 MAKING THE CONTACTS AND THINKING THROUGH THE IMPORTANT  
8 CONNECTIONS THAT WE NEEDED TO MAKE, PARTICULARLY IN THE  
9 ORGANICS AND C&D AREA, AND CERTAINLY WE WOULDN'T HAVE  
10 GOTTEN AS FAR AS WE HAVE WITHOUT -- WITHOUT THEM, AND,  
11 OF COURSE, DONNELL, COMPLETELY SOLID, RELIABLE, AND  
12 EXCELLENT AS EXECUTIVE ASSISTANTS.

13 MS. DUCLO: THANK YOU.

14 MEMBER PENNINGTON: THAT'S WHY WE WON'T LET  
15 THEM GO WITH YOU.

16 CHAIRMAN RELIS: THAT'S RIGHT. KEEP THEM  
17 HERE AND KEEP THEM WELL.

18 OKAY. NOW WE'LL MOVE TO ITEM 1.

19 MS. TRGOVCICH: ITEM 2 ON THE AGENDA.

20 CHAIRMAN RELIS: ITEM 2.

21 MS. TRGOVCICH: WHICH IS CONSIDERATION OF  
22 INCENTIVES TO INCREASE PARTICIPATION IN THE RECYCLING  
23 MARKET DEVELOPMENT ZONE PROGRAM.

24 JUST VERY BRIEFLY, WHILE MINDY COMES UP  
25 AND TAKES A SEAT, THIS ITEM IS ONE OF THE CONTINUATION



1 ITEMS COMING OUT OF THE FEBRUARY 5TH WORKSHOP THAT WAS  
2 HELD LAST YEAR WHICH BEGAN A DIALOGUE BETWEEN THE  
3 BOARD, THE ZONE ADMINISTRATORS, AND ALL OF OUR  
4 CUSTOMERS IN THE LOAN AND ZONE PROGRAM ON WHAT CAN WE  
5 DO TO ENHANCE THE PROGRAM.

6 WE HAVE MADE A SIGNIFICANT NUMBER OF  
7 CHANGES IN THE WAY THE LOAN PROGRAM OPERATES THIS LAST  
8 YEAR. WE HAVE A NUMBER OF ASPECTS OF THE PROGRAM WHICH  
9 HAVE MOVED OUT OF THE CONTRACT. WE HOPE TO INCREASE  
10 THE EFFICIENCY OF OUR STAFF AS WELL AS THE PROCESSING  
11 OF THE LOANS THROUGH THOSE CONTRACTS.

12 THIS NEXT ELEMENT THAT'S GOING TO BE  
13 PRESENTED TO YOU IS RESPONDING TO THE NEEDS OF THE ZONE  
14 ADMINISTRATORS IN TERMS OF WHAT THEY'VE IDENTIFIED AS  
15 ITEMS THAT THEY NEED ASSISTANCE WITH TO MOVE THIS  
16 PROGRAM FORWARD AND BETTER MARKET THIS PROGRAM IN THEIR  
17 ZONES. AND MINDY FOX WILL BE PRESENTING THE  
18 RECOMMENDATIONS AND ANALYSIS BEHIND THE ZONE  
19 ADMINISTRATORS TO YOU.

20 MS. FOX: THANK YOU, CAREN.

21 GOOD MORNING, CHAIRMAN RELIS. I'M MINDY  
22 FOX. I MANAGE THE RECYCLING BUSINESS ASSISTANCE  
23 SECTION; AND AS YOU'RE WELL AWARE, YOU DIRECTED STAFF  
24 WITH AN ANALYSIS OF INCENTIVES THAT COULD INCREASE  
25 PARTICIPATION IN THE RMDZ PROGRAM.





1                   SO WE SOLICITED INPUT FROM THE 40 ZONE  
2     ADMINISTRATORS, RECEIVED COMMENTS FROM 22 OF THEM,  
3     AND HAVE COMPILED THEM INTO THIS AGENDA ITEM, AND I'D  
4     LIKE TO POINT OUT WHAT WE'RE KIND OF PUTTING ON THE  
5     TABLE HERE IS A WEALTH OF SUGGESTIONS FROM THE ZONE  
6     ADMINISTRATORS, AND WE'RE COMING TO THE COMMITTEE  
7     TODAY TO RECEIVE SOME GUIDANCE TO KNOW WHAT TO PURSUE  
8     FURTHER, AND THEN WE'LL NEED TO PURSUE SOME MORE LEGAL  
9     ANALYSIS ABOUT ACTUAL MECHANISMS TO IMPLEMENT THE  
10    RECOMMENDATIONS.  THERE IS SOME WORK THAT WILL BE  
11    NEEDED TO BE DONE ON THAT LEVEL.

12                   FOR EASE OF ABSORBING ALL OF THE  
13    SUGGESTIONS WE'VE RECEIVED, WE CATEGORIZED THE MANY  
14    SUGGESTIONS INTO FOUR CATEGORIES.

15                   THE FIRST PERTAINS TO ZONE ASSISTANCE,  
16    THE SECOND TO LOAN-SPECIFIC INCENTIVES, THE THIRD ARE  
17    SUGGESTIONS THAT WOULD REQUIRE LEGISLATIVE ACTION, AND  
18    THE FOURTH -- I DIDN'T REALLY JUDGE THEM TO BE  
19    INCENTIVES THAT THE COMMITTEE NEEDED TO FORMALLY  
20    CONSIDER.

21                   THEY'RE SIMPLY SERVICES THAT THE BOARD  
22    COULD CHOOSE TO IMPLEMENT OR NOT, AND WE'LL SEE IN THE  
23    ITEM THAT WE'VE INDICATED HOW WE INTEND TO RESPOND TO  
24    ALL OF THOSE SUGGESTIONS IN PARENTHESES.  AND ACTUALLY  
25    WE'RE PLANNING ON IMPLEMENTING OR PROCEEDING IN SOME



1 MANNER WITH ALL OF THE SUGGESTIONS WE RECEIVED, AND IN  
2 SOME CASES WE WERE ALREADY DOING THINGS ALONG THOSE  
3 LINES AND WILL ENHANCE THOSE AREAS.

4 SO THE COMMITTEE ONLY NEEDS TO FORMALLY  
5 CONSIDER THOSE INCENTIVES IN CATEGORIES 1 AND 2. THREE  
6 OR FOUR ARE SO EVERYBODY KNOWS WHAT WE RECEIVED AND HOW  
7 WE INTEND TO RESPOND IN THE FUTURE.

8 SO WITH THAT, I'D LIKE TO GET  
9 SPECIFICALLY INTO THE RECOMMENDED OR THE SUGGESTED  
10 INCENTIVES FROM THE ZONE ADMINISTRATORS.

11 THE FIRST CATEGORY ZONE ASSISTANCE --  
12 ASSISTANCE INCENTIVES, QUITE A MOUTHFUL. THE FIRST ONE  
13 IS PROVIDE FUNDING ASSISTANCE FOR THE RECYCLING MARKET  
14 DEVELOPMENT ZONES FOR A FULL RANGE OF LOAN AND ZONE  
15 ACTIVITIES. AND, IN ESSENCE, WHAT STAFF WOULD INTEND  
16 TO DO HERE IS DEVELOP A LIST OF ELIGIBLE ACTIVITIES AND  
17 CRITERIA, AND THEN A ZONE ADMINISTRATOR WOULD PLACE A  
18 REQUEST ABOUT AN ACTIVITY THEY WOULD LIKE TO DO AND SET  
19 IT UP. WE WOULD JUDGE IT AGAINST A CRITERIA AND CHOOSE  
20 TO FUND IT OR NOT.

21 THIS -- THIS FUNDING MECHANISM OR THIS  
22 PLAN COULD FUND THE PAYING OF STUDENTS, THE CREATION  
23 OF MARKETING MATERIALS, THE DISTRIBUTION OF THOSE  
24 MARKETING MATERIALS, DOING OUTREACH AT CERTAIN VENUES,  
25 ANY NUMBER OF MARKETING EFFORTS THAT COULD FURTHER THE



1 RMDZ EFFORTS ON A LOCAL BASIS.

2 WE ARE RECOMMENDING APPROVAL OF THIS  
3 INCENTIVE BECAUSE WE FEEL STRONGLY THAT IT COULD  
4 INCREASE PARTICIPATION IN MANY ZONES WHERE WE HAVEN'T  
5 SEEN THESE KIND OF ACTIVITIES FUNDED.

6 BASED UPON AN ESTIMATE OF PARTICIPATION,  
7 WE'RE GUESSING THAT THAT COULD COST \$370,000 PER YEAR,  
8 AND THAT'S BASED ON AN ESTIMATE THAT HALF OF THE  
9 RMDZ'S, 20, WOULD TAKE ADVANTAGE OF THE OPTION AT  
10 APPROXIMATELY \$15,000 PER YEAR, 10 RMDZ'S WOULD ACCESS  
11 5,000 PER YEAR, AND THE REMAINING 10 RMDZ'S WOULD  
12 REQUEST 2,000 PER YEAR.

13 IT WOULD BE ON A FIRST COME, FIRST SERVED  
14 BASIS; AND, AGAIN, THE ACTIVITIES WOULD BE JUDGED  
15 AGAINST CRITERIAS THAT WE WOULD SET UP, AND A REPORTING  
16 MECHANISM WOULD BE IN PLACE SO WE WOULD HAVE  
17 VERIFICATION OF THE ACTIVITIES, THAT THEY ACTUALLY  
18 IMPLEMENTED THEM.

19 THIS WOULDN'T BE A GIVEAWAY PROGRAM. IN  
20 OTHER WORDS, WE WOULD EXPECT SOME ACCOUNTABILITY.  
21 MAYBE MOU'S WOULD BE PUT IN PLACE, SO ACTUAL  
22 DELIVERABLES WOULD BE EXPECTED, THAT KIND OF THING; AND  
23 AGAIN, IF THE COMMITTEE SENT US DOWN THIS PATH, MORE  
24 RESEARCH WILL BE DONE ABOUT ACTUAL MECHANISMS TO  
25 IMPLEMENT THIS RECOMMENDATION.



1                   SO, AGAIN, STAFF IS RECOMMENDING THIS  
2       INCENTIVE WITH SPLIT FUNDING BETWEEN THE LOAN  
3       SUBACCOUNT AND THE IWMA, AND WE'VE MADE MANY OF OUR  
4       RECOMMENDATIONS BASED ON SPLIT FUNDING WITH THE  
5       ASSUMPTION THAT ZONE ADMINISTRATORS APPROXIMATELY SPEND  
6       ABOUT HALF OF THEIR TIME ON VARIED LOAN -- DIRECTLY  
7       RELATED ACTIVITIES TO THE LOAN PROGRAM AND 50 PERCENT  
8       OF THEIR TIME ON ACTIVITIES ON A BROADER LEVEL FOR THE  
9       RMDZ EFFORT THAT MIGHT NOT BE APPROPRIATELY LINKED TO  
10      LOAN MONIES.

11                  CHAIRMAN RELIS:   WHY DON'T WE TAKE A MOMENT.  
12      I -- I'D BE IN FAVOR, IF IT'S OKAY WITH THE COMMITTEE  
13      MEMBERS, TO JUST COMMENT ON THESE AS WE GO.

14                  MS. FOX:   OKAY.

15                  CHAIRMAN RELIS:   SO THIS PARTICULAR ONE HAS  
16      BEEN, I THINK, AN AREA THAT SEVERAL OF US AT LEAST HAVE  
17      WANTED TO HEAR FROM STAFF FOR SOME TIME, AND WE HAD  
18      EARLY ON A LEGAL OPINION OR AT LEAST A DISCUSSION THAT  
19      PERHAPS HAD SUGGESTED THIS MIGHT BE HARDER TO DO  
20      THAN -- BUT -- BUT I GATHER YOU'VE INVESTIGATED THAT  
21      AND IT LOOKS LIKE WE COULD -- IF WE CHOOSE TO, WE COULD  
22      DO THIS.

23                  MS. FOX:   YES, I THINK IN CONCEPT, THIS IS  
24      SOMETHING WE COULD USE FUNDS FOR, SO WE'VE DONE SOME  
25      RESEARCH, AND SOME RESEARCH THAT MAUREEN HAD DONE, AS





1 WELL.

2 MS. TRGOVCICH: I THINK ONE OF THE DECISION  
3 POINTS THAT YOU'RE GOING TO HAVE AS COMMITTEE MEMBERS  
4 IS OVER THE SPLIT FUNDING ACCESS, SO THE RECOMMENDATION  
5 AROUND SPLIT FUNDING IS MORE A MATTER OF, AS STAFF, WE  
6 LIKE THE SUGGESTION, BUT ONLY PART OF IT FITS WITHIN  
7 THE CONTEXT OF WHAT IS ELIGIBLE TO BE FUNDED FROM THE  
8 RMDZ SUBACCOUNT. AND THOSE ARE ACTIVITIES DIRECTLY  
9 PERTAINING TO THE MARKETING AND -- AND UNDERWRITING AND  
10 FUNDING OF THE LOANS.

11 SO THOSE OUTSIDE ACTIVITIES ARE NOT  
12 SOMETHING THAT WE CAN RECOMMEND BE FUNDED FROM THE  
13 SUBACCOUNT, SO YOU IN A SENSE HAVE MULTIPLE DECISIONS  
14 TO MAKE AROUND WHETHER TO PURSUE A CONCEPT. AND THAT  
15 IS TO PURSUE THE CONCEPT GENERALLY; AND, TWO, FOR THOSE  
16 ELEMENTS THAT ARE OUTSIDE THE SCOPE OF WHAT'S ELIGIBLE,  
17 DO WE WANT TO PURSUE THAT AT ALL?

18 MEMBER CHESBRO: WELL, TO GO BACK TO OUR  
19 PREVIOUS DISCUSSIONS, I STILL FEEL THE SAME WAY, WHICH  
20 IS THAT WE HAVE NOT FULLY UTILIZED THE ZONES -- THE  
21 ZONES AND THE ZONE STAFFS, AND THOSE LOCAL  
22 JURISDICTIONS WHO HAVE STEPPED FORWARD AND SAID, "WE  
23 MAKE MARKETS A HIGH PRIORITY AND WE WANT TO WORK WITH  
24 THE STATE AND AGGRESSIVELY SEEK KINDS OF BUSINESSES  
25 THAT CAN BOTH SOLVE OUR LOCAL NEED FOR MARKETS AS WELL



1 AS AGAINST THE OVERALL STATE NEEDS," AND THE KEY HAS  
2 BEEN -- THE KEY ELEMENT THAT'S BEEN LACKING, I THINK,  
3 IS THE ABILITY, AT LEAST IN SOME OF THE JURISDICTIONS,  
4 TO COME UP WITH STAFFING AND THE RESOURCES TO REALLY  
5 MAKE THIS HAPPEN.

6 AND I THINK WHEN WE DID THE PREVIOUS  
7 GRANT PROGRAM, WE FOUND THAT BY EVEN TAKING A  
8 RELATIVELY SMALL AMOUNT OF MONEY AND PUTTING IT IN THE  
9 HANDS OF THE ZONE ADMINISTRATOR, WE SUDDENLY INCREASED  
10 THE VISIBILITY OF THAT ZONE IN THE LOCAL JURISDICTION  
11 AND GAVE GREATER CREDIBILITY TO THE PROGRAM, AND IT HAD  
12 A FAIRLY DRAMATIC EFFECT. AND I'M NOT INTERESTED IN  
13 JUST THROWING MONEY OUT THERE.

14 I THINK WE NEED TO BE CAREFUL HOW WE DO  
15 IT, BUT I DO THINK THAT SMALL AMOUNTS OF MONEY WELL  
16 SPENT CAN HAVE A GREAT DEAL OF BENEFIT IN TERMS OF  
17 HELPING TO -- TO FOCUS THE ZONE PROGRAM ON THOSE LOCAL  
18 JURISDICTIONS, STRENGTHEN THE PARTNERSHIP BETWEEN OUR  
19 BOARD, THE STATE, AND THE LOCAL JURISDICTION AND  
20 INCREASE THE -- THE ABILITY TO -- TO GET THESE ZONES  
21 OFF THE GROUND.

22 NOW, YOU KNOW, THERE'S PROBABLY THREE OR  
23 FOUR ZONES IN THE STATE THAT HAVE JUST CHARGED FORWARD  
24 AND DONE A PHENOMENAL JOB WITHOUT VERY MUCH AT ALL IN  
25 THE WAY OF SUPPORT FROM THE BOARD. THERE'S MANY OTHERS



1 WHO HAVE SORT OF LIMPED ALONG AND HAVE BEEN GIVEN  
2 AVAILABLE RESOURCES, DONE THE BEST THEY COULD, BUT  
3 REALLY HAVEN'T RISEN TO THEIR POTENTIAL, BUT THOSE ARE  
4 THE ONES -- I'M NOT PREJUDGING HOW WE WOULD ALLOCATE  
5 THE MONEY, BUT I'M JUST SAYING THAT THERE ARE CERTAINLY  
6 A MAJORITY OF THE ZONES THAT WOULD STAND TO BE MUCH  
7 MORE EFFECTIVE WITH THE SMALL AMOUNT OF STATE FUNDING  
8 PARTICIPATION THROUGH SOME SORT OF CONTRACTS OR GRANTS  
9 OR WHATEVER WE CAN CHOOSE TO CALL THEM.

10 MEMBER PENNINGTON: YEAH. I GUESS THE FIRST  
11 QUESTION I HAVE IS WHAT IS THE IMPACT ON OUR BUDGET  
12 WITH THIS?

13 MR. CHANDLER: WELL, LET ME ASK CAREN MAYBE  
14 THIS QUESTION FIRST. I SEE IN THE WRITE-UP THAT THIS  
15 IS A CONCEPT, BUT ONE OF THE QUESTIONS WOULD BE AS TO  
16 WHICH FISCAL YEAR DO YOU WANT TO IMPLEMENT THE PROGRAM?

17 AND IF WE'RE TALKING ABOUT IMPLEMENTATION  
18 OF FISCAL YEAR NINE-ZERO, THEN THE PROCESS WOULD BE  
19 THAT WE WOULD MOVE FORWARD A BCP WHICH WOULD RAISE  
20 EXPENDITURE AUTHORITY, RECOGNIZING THE USE OF THE  
21 SUBACCOUNT NIU MADE FOR THESE KINDS OF ACTIVITY.

22 IF YOU WANT TO IMPLEMENT IT QUICKER, YOU  
23 WOULD ESSENTIALLY BE DRAWING FROM THE SUBACCOUNT; BUT  
24 WITH RESPECT TO THE IWMA, SINCE WE HAVE AN EXPENDITURE  
25 AUTHORITY ALREADY SPENT, WE HAVE TO REDIRECT CURRENT



1 IWMA FUNDING ACTIVITIES TO ACCOMPLISH THE SPLIT FUND  
2 THAT IS BEING PROPOSED.

3 MEMBER CHESBRO: I ASSUME THAT THE STAFF  
4 RECOMMENDATION IS ORIENTED TOWARDS THE COMING FISCAL  
5 YEAR, NOT REDIRECTING RESOURCES, BUT IF I'M WRONG,  
6 PLEASE CORRECT ME.

7 MS. TRGOVCICH: I THINK WHAT'S IMPORTANT IS  
8 THAT WHAT WE ARE RECOGNIZING IS THE CONCEPT HERE THAT  
9 HAS COME FORWARD FROM THE ADMINISTRATORS. IN TERMS OF  
10 FISCAL YEAR, IT'S MY BELIEF THAT THIS WOULD NOT BE  
11 POSSIBLE IN THE CURRENT FISCAL YEAR. THESE WOULD BE  
12 INDIVIDUAL AGREEMENTS.

13 WE ARE ALREADY INTO JANUARY. WE WOULD  
14 BE -- IT WOULD BE VERY DIFFICULT, IF NOT AN IMPOSSIBLE,  
15 TASK TO MOVE THIS MONEY OUT THIS FISCAL YEAR. THE  
16 SPLIT FUNDING, ONCE AGAIN, IS ACKNOWLEDGING WHAT IS  
17 ELIGIBLE UNDER THE RMDZ AND WHETHER OR NOT YOU WANT TO  
18 EVEN PURSUE THE IWMA ELIGIBLE AREAS, BUT WE ARE NOT  
19 PROPOSING THIS FISCAL YEAR AT ALL. AND WHAT WE'VE  
20 SIMPLY DONE IS IDENTIFIED IF YOU WANT TO LOOK AT THOSE  
21 INELIGIBLE RMDZ ACTIVITIES, THIS IS WHAT THE IMPACT  
22 WOULD GENERALLY BE.

23 MEMBER PENNINGTON: AS A CONCEPT, YOU KNOW, I  
24 SUPPORT THE CONCEPT. IT ALWAYS COMES DOWN TO WHAT DOES  
25 IT COST US? WHERE DOES IT COME FROM?





1                   YOU KNOW, I SEE YOU SAY HALF OF -- HALF  
2           OF THE ZONE ADMINISTRATORS WOULD PROBABLY WANT 15,000,  
3           BUT I SEE WE'RE SUGGESTING A CAP OF 25. YOU KNOW,  
4           MAYBE WE SHOULD BRING THAT CAP DOWN A LITTLE BIT AND  
5           STUFF LIKE THAT, BUT CERTAINLY AS A CONCEPT, I HAVE NO  
6           PROBLEM.

7                   MEMBER CHESBRO: I THINK WE SHOULD VIEW  
8           TODAY'S ITEM AS AP -- APPROVING A BROAD CONCEPT AND  
9           THEN ASKING STAFF TO WORK WITH THE COMMITTEE MEMBERS'  
10          OFFICES AND THE RMDZ ADMINISTRATORS TO FLUSH OUT -- OF  
11          COURSE, WITH THE EXECUTIVE OFFICER, TO FLUSH OUT A  
12          SPECIFIC FUNDING APPROACH THAT WOULD COME BACK TO US.  
13          I THINK THAT'S --

14                  MEMBER PENNINGTON: I -- I GUESS THE OTHER  
15          THING IS THAT I'D LIKE TO SEE SOME KIND OF COMMITMENT  
16          FROM THEM, EITHER IN TERMS OF A PLAN OR MAYBE EVEN SOME  
17          MATCHING FUNDS BUT -- YOU KNOW, I'D LIKE TO SEE -- MAKE  
18          SURE THAT THEY'RE COMMITTED, THEY'RE NOT SAYING, "GEEZ,  
19          GIVE ME 15,000 OR \$20,000."

20                  MS. FOX: ONE WAY TO TAKE CARE OF THAT COULD  
21          BE ON A REIMBURSABLE BASIS, NOT GIVING MONEY UP-FRONT  
22          NECESSARILY. THAT GETS TO MORE ANALYSIS DEPENDING ON  
23          WHETHER THIS RECOMMENDATION IS APPROVED.

24                  CHAIRMAN RELIS: IT SEEMS TO ME THAT THE --  
25          THE CRUX IS OKAY. THIS OTHER HALF OF THE IWMA PORTION,



1 I MEAN IF WE WANT TO GO AHEAD, OKAY. WHERE DOES THAT  
2 COME FROM? EITHER IT HAS TO COMPETE IN THE -- YOU  
3 KNOW, IN THE GRANT OR THE -- WHAT DOLLARS ARE THOSE,  
4 THE GRANT DOLLARS, THE CONTRACT DOLLARS? OR IN THE  
5 CONCEPT, I THINK, BEING SUGGESTED, IF THE RMDZ LOAN  
6 PROGRAM WERE TO PUT MONEY INTO THE IWMA ACCOUNT, YOU  
7 START PAYING BACK, PERHAPS WE COULD FIND A WAY TO  
8 RECYCLE SOME OF THOSE DOLLARS IN THIS DIRECTION.

9 I MEAN, I THINK THAT WOULD BE WORTH  
10 LOOKING INTO AS PART OF CONCEPTUALLY HOW THE FUNDS  
11 MIGHT FLOW.

12 MS. TRGOVCICH: THERE'S A NUMBER OF WAYS TO  
13 LOOK AT IT, AND ONE OF THE THINGS YOU MIGHT WISH TO DO,  
14 AS WELL, SINCE THIS IS REALLY THE FIRST TIME THIS ITEM  
15 HAS COME FORWARD, IS MAYBE REQUEST WHAT DO THE ZONE  
16 ADMINISTRATORS WANT. YOU MAY WANT TO START FOCUSING ON  
17 THE LOAN ASPECT ONLY. YOU MAY WANT TO SAY, "LET'S SEE  
18 HOW THIS WORKS AS PERTAINS TO THE MARKETING OF THE  
19 LOANS ONLY," AND YOU MAY WANT TO HAVE US COME BACK WITH  
20 AN ANALYSIS. AND IF IT IS EFFECTIVE AND IF IT REALLY  
21 MOVES TOWARDS ENHANCING THE ZONES, YOU MAY WISH IN  
22 FUTURE FISCAL YEARS, THE NINE-ZERO YEAR, FOR EXAMPLE,  
23 TO CONSIDER A BROADENING OF THAT WHERE YOU WOULD LOOK  
24 AT THESE OTHER APPROACHES, BUT THERE'S A NUMBER OF WAYS  
25 THAT YOU CAN DO IT.



1                   CHAIRMAN RELIS:  WELL, PERSONALLY, I WOULD  
2           FAVOR AT LEAST KEEPING IT BROAD AND THEN IF WE -- I  
3           WOULD -- I WOULD NOT BE IN FAVOR OF NARROWING IT NOW.

4                   I MEAN, I'D RATHER LOOK AT -- BECAUSE WE  
5           HAVE A -- A GREAT DEAL OF INPUT FROM THE ZONE  
6           ADMINISTRATORS.  WE HAVE THE HISTORICAL -- OH, LINKAGE  
7           BETWEEN THE BOARD'S WORK IN LOCAL GOVERNMENT.  WE'RE  
8           SUPPOSED TO BE PARTNERING UP.  THIS WOULD GIVE US  
9           ANOTHER STRONG TOOL TO BE AN EFFECTIVE WORKING PARTNER  
10          WITH THE LOCAL GOVERNMENTS.  AND WE CAN TALK FURTHER  
11          ABOUT HOW THAT LINKAGE -- LIKE I'LL HAVE SOME FURTHER  
12          COMMENTS, OKAY.

13                   OF COURSE, IT'S EASY FOR ME TO SAY THIS  
14          NOW NOT HAVING TO COMMIT MYSELF TO THE WORK, BUT  
15          SUPPOSE, FOR INSTANCE, FUNDING WERE TIED TO BOARD  
16          APPEARANCES AROUND THE STATE WHERE -- WHERE LOCAL  
17          GOVERNMENTS CHOSE TO AVAIL THEMSELVES OF THIS PROGRAM,  
18          SO WE COULD RAISE THE PROFILE OF THE LOAN PROGRAM SO  
19          THAT CHAIRMAN PENNINGTON, BOARD MEMBER CHESBRO COULD,  
20          IN THE WAY THAT WE'VE WORKED IN OTHER PARTNERING  
21          ACTIVITIES, WE'D BE VISIBLE AT THE LOCAL GOVERNMENT  
22          LEVEL.  AND THE COUNCIL -- LIKE WESLEY AND I WERE OUT  
23          IN RICHMOND AT THE MBA POLYMER, AND WE HAD THE MAYOR OF  
24          RICHMOND THERE.  AND I THINK WE WANT -- I THINK THE  
25          PROGRAM WILL BENEFIT FROM VISIBILITY OF THE BOARD AT



1 THE HIGHEST LEVEL, LOCAL GOVERNMENT. BUT AS I SAY,  
2 THAT'S EASY FOR ME TO PROJECT.

3 MEMBER CHESBRO: WELL, I THINK IN DIRECTING --  
4 IN REFERRING THIS -- APPROVING THE CONCEPT AND  
5 REFERRING TO STAFF, WE SHOULD KEEP THE OPTIONS OPEN AND  
6 IT WOULD BE PREMATURE FOR US TO NARROW IT AT ALL HERE.

7 I THINK WE SHOULD SAY, YEAH, GENERALLY  
8 SPEAKING, GOOD IDEA. STAFF, GO EXPLORE WITH THE  
9 INTERESTED PARTIES THE RIGHT COMBINATION TO BRING BACK  
10 TO US THE SPECIFIC GAME PLAN, SPECIFIC CONCEPT.

11 CHAIRMAN RELIS: OKAY. SHOULD WE JUST TABLE  
12 THIS FOR THE MOMENT BECAUSE WE'RE GOING TO GO THROUGH  
13 THE OTHER ITEMS AND WE'LL COME BACK?

14 THANK YOU. OH, JUST LAST THOUGHT. ON --  
15 IT WOULD BE HELPFUL TO, I THINK, GIVE A STRONG EMPHASIS  
16 ON THE PERFORMANCE SIDE, AND I DON'T KNOW WHAT THAT  
17 WOULD LOOK LIKE OR WHAT OUR EXPECTATION WOULD BE, BUT I  
18 WOULD HOPE STAFF COULD HELP US CLARIFY A WAY OF SAYING,  
19 YOU KNOW, THIS IS NOT JUST A PASS-ON. IT IS A  
20 PERFORMANCE BASED PROGRAM.

21 MEMBER CHESBRO: NOT TO DISAGREE WITH YOU. I  
22 AGREE WITH WHAT YOU'VE SAID, BUT THERE'S A BALANCE THAT  
23 NEEDS TO BE STRUCK BETWEEN, ON THE ONE HAND, AS I SAID,  
24 NOT THROWING THE MONEY OUT WITHOUT ANY STRINGS OR  
25 CONDITIONS BECAUSE WE WANT A SPECIFIC PRODUCT IN





1       RETURN.  ON THE OTHER HAND, FOR RELATIVELY SMALL  
2       AMOUNTS OF MONEY, NOT OVERBURDENING IT WITH A BIG  
3       BUREAUCRATIC OVERLAY THAT MAKES THE LOCAL GOVERNMENTS  
4       SAY FOR \$15,000 OR SOMETHING, DOING -- SPENDING 10,000  
5       ON A PROPOSAL OR SOMETHING.

6               CHAIRMAN RELIS:  YEAH.  TRUE.

7               MEMBER CHESBRO:  THAT'S THE BALANCING ACT  
8       WE'VE GOT TO TRY TO STRIKE WITH A SMALL -- RELATIVELY  
9       SMALL CONTRACTOR GRANT PROGRAM IS GETTING WHAT YOU WANT  
10      FROM IT WHILE NOT CREATING A BURDEN THAT'S NOT WORTH  
11      THE TROUBLE FOR LOCAL GOVERNMENT.

12              CHAIRMAN RELIS:  THANK YOU.  THEN WE'LL MOVE  
13      ON.

14              MS. FOX:  OKAY.  THE SECOND SUGGESTION  
15      INCENTIVE IN THIS CATEGORY IS PROVIDE FUNDING FOR ZONE  
16      ADMINISTRATOR'S SALARIES AND/OR STAFF, AND STAFF DOES  
17      NOT RECOMMEND FUNDING THIS INCENTIVE BECAUSE WE  
18      ESTIMATED AT A THOUSAND DOLLARS PER RMDZ PER QUARTER,  
19      OR IT WOULD TAKE \$150,000 PER YEAR, AND WE ACTUALLY  
20      DIDN'T FEEL -- I MEAN, THAT'S \$4,000 PER ZONE PER YEAR.  
21      THAT IS NOT A LOT OF MONEY, POSSIBLY NOT ENOUGH MONEY  
22      TO MAKE A DIFFERENCE, BUT IT ADDS UP TO A PRETTY GREAT  
23      SUM OF MONEY; AND AS THE PREVIOUS DISCUSSION JUST  
24      ILLUMINATED, WE'RE NOT ROLLING IN DOUGH, SO WE HAVE TO  
25      SAY NO TO SOME OF THESE SUGGESTIONS, SO WE ACTUALLY DID



1 NOT CHOOSE TO FUND THIS INCENTIVE.

2 I'LL KEEP GOING UNLESS ANYONE HAS ANY

3 QUESTIONS.

4 CHAIRMAN RELIS: DO YOU HAVE ANY COMMENTS ON

5 THAT? I DON'T DISAGREE WITH THAT.

6 MS. FOX: THE THIRD INCENTIVE IN THIS CATEGORY

7 WAS THE SHARE TRADE SHOW PARTICIPATION -- THAT'S

8 STAFFING AND COST -- WITH ZONE STAFF AT APPROPRIATE

9 VENUES, AND THIS WOULD INTEND TO KIND OF FOSTER

10 INTERACTION BETWEEN ZONE ADMINISTRATORS AND BOARD STAFF

11 AND DEMONSTRATE OUR COMMITMENT AND PARTNERING WITH

12 LOCALS, ESPECIALLY THOSE THAT HAVE LIMITED RESOURCES.

13 AND IF APPROVED, WE WOULD INTEND TO PICK VERY

14 APPROPRIATE, EFFECTIVE OUTREACH EVENTS.

15 THIS WOULD NOT BE A GO-AHEAD TO GO TO

16 EVERY SINGLE CONFERENCE ACROSS THE STATE AT ALL. IN

17 FACT, WE ASSUMED IT COST \$6,000 TO GO TO NINE TRADE

18 SHOWS ACROSS THE STATE PER YEAR, AND WE FACTORED INTO

19 THIS THAT YOU COULD TAKE THE WESTPAC PACKAGING

20 CONFERENCE AS AN EXAMPLE AND YOU COULD PARTNER WITH

21 MANY ZONES LOCATED IN SOUTHERN CALIFORNIA AT THAT

22 EVENT. IT'S A MULTI-DAY, HUGE CONFERENCE, AND YOU

23 COULD PARTNER WITH MANY ZONES AND SHARE A LOT OF THE

24 EFFORT AND A LOT OF VISIBILITY, AND THAT'S AN EXAMPLE

25 OF ONE CONFERENCE WHERE WE THINK THERE'S A LOT OF



1 VIABLE BUSINESS CONTACTS, AND THE EFFORT WOULD BE WELL  
2 WORTH IT.

3 SO WE DID RECOMMEND FUNDING THIS  
4 INCENTIVE AT \$6,000 PER YEAR, AGAIN WITH SPLIT FUNDING  
5 FROM LSA AND IWMA, AND THAT'S BASED ON THE DIRECTLY  
6 RELATED EFFORTS -- ACTIVITIES TO LOAN EFFORTS AND SUCH.

7 CHAIRMAN RELIS: OKAY. ANY COMMENTS? WE'RE  
8 TALKING ABOUT THE --

9 MEMBER PENNINGTON: ONCE AGAIN, I AGREE WITH  
10 THE CONCEPT; BUT AGAIN, WE'RE TALKING ABOUT, YOU KNOW,  
11 REDIRECTING '97-'98, '98-'99 AND A BCP FOR '99-2000.  
12 AGAIN, WE GOT TO LOOK AND SEE WHAT THE IMPACT WOULD BE  
13 ON THE OTHER ACCOUNTS WHERE WE REDIRECT, WHERE WE WOULD  
14 BE REDIRECTING FROM.

15 MS. FOX: ACTUALLY, ONE THOUGHT --

16 MEMBER PENNINGTON: IN CONCEPT, THAT'S FINE.

17 MS. FOX: THIS TASK COULD BE ROLLED IN THE  
18 VERY FIRST ONE IF THE COMMITTEE CHOOSES. THERE'S LOTS  
19 OF OPTIONS HERE, OKAY.

20 THIS ONE WAS RECOMMENDED BY ENOUGH ZONE  
21 ADMINISTRATORS THAT WE KEPT IT AS A SEPARATE  
22 SUGGESTION, BUT IT DOESN'T NECESSARILY HAVE TO BE  
23 TREATED THAT WAY.

24 MEMBER CHESBRO: IN THE CONS, YOU SAY THAT IT  
25 WOULD REQUIRE -- IT WOULD REQUIRE REDIRECTION. SO YOU



1 ANTICIPATED IT BEING SOMETHING --

2 MS. FOX: AT THE INITIAL WRITING OF THIS  
3 DOCUMENT, WHICH WAS AWHILE AGO, YES, WE DID. WE  
4 CERTAINLY COULD CHANGE OUR MINDS AT THIS STAGE OF THE  
5 GAME.

6 MEMBER CHESBRO: WELL, THERE WAS IN THIS CASE  
7 APPARENTLY MORE REASON THAN IN THE CASE TO THE OTHER  
8 ONES.

9 MS. FOX: BECAUSE YOU COULD PICK SOME EVENTS  
10 AND GO TO BEFORE THE END OF THE FISCAL YEAR.

11 MEMBER CHESBRO: I'M CERTAINLY OPEN-MINDED  
12 DEPENDING ON THE AMOUNT OF HASSLE IT WOULD REQUIRE. I  
13 MEAN, I DON'T KNOW WHAT KIND OF HOOPS WE WOULD HAVE TO  
14 GO THROUGH TO ACHIEVE THAT, BUT IF -- IF THERE ARE  
15 OTHER ACTIVITIES, AND THIS ONE'S HIGH PRIORITY, I'D BE  
16 OPEN TO CONSIDERING IT FOR THIS YEAR, BUT ONLY AGAIN IF  
17 THERE'S -- IF THOSE CIRCUMSTANCES EXIST AND IT'S NOT  
18 GOING TO BE A HUGE BURDEN.

19 MEMBER PENNINGTON: I THINK THAT'S MY FEELING,  
20 THAT WE -- THE ALARM GOES OFF WHEN WE START  
21 REDIRECTING. THAT'S TAKING MONEY OUT OF ONE POCKET TO  
22 SOMETHING ELSE IF WE HAD PLANNED TO HAVE THE MONEY  
23 THERE. IF THE MONEY ISN'T GOING TO BE SPENT, IT'S  
24 DEVELOPED TO BE A SURPLUS SOMEPLACE, THEN FINE.

25 MEMBER CHESBRO: IF STAFF WANTS TO PROPOSE TO





1 US THAT THERE ARE ACTIVITIES THAT AREN'T NEEDED THAT  
2 THIS COULD BE PLACED --

3 MS. TRGOVCICH: THAT'S EXACTLY THAT WE HAD  
4 CONTEMPLATED. THOSE ARE EXACTLY THE THINGS WE ARE  
5 GOING TO HAVE TO LOOK AT. ONE THING THAT'S DOABLE THIS  
6 FISCAL YEAR IS, FOR EXAMPLE, WITHIN OUR DIVISION  
7 BUDGET, WE HAVE MONEY IN THERE FOR PARTICIPATION IN  
8 SOME OF THE TRADITIONAL TRADE SHOWS THAT WE HAVE ALWAYS  
9 SET UP A BOOTH AT, WE'VE GONE AND PARTICIPATED, ETC.,  
10 AND THAT'S SOMETHING THAT WE COULD DO JOINTLY WITH SOME  
11 OF THE ZONE ADMINISTRATORS THIS YEAR IF THEY WANTED TO  
12 ENHANCE THAT BOOTH SPACE, FOR EXAMPLE.

13 CHAIRMAN RELIS: WOULD YOU NEED DIRECTION FROM  
14 THE BOARD? WOULD THIS BE SOMETHING WHEREAS A LOT OF  
15 THIS IS STILL IN CONCEPT FORM, AND IF WE PASS IT ON, IT  
16 WILL STILL BE IN CONCEPT? WOULD YOU BE THINKING ABOUT  
17 WANTING CLARIFICATION ON THAT THIS MONTH?

18 MS. TRGOVCICH: IF THIS -- IF THIS PARTICULAR  
19 CONCEPT WAS ONE THAT YOU WANTED TO SAY, STAFF, IF IT'S  
20 WITHIN, YOU KNOW, YOUR EXISTING RESOURCES, YOU KNOW.  
21 WE HAVE A BOOTH GOING UP, FOR EXAMPLE, AT SOME OF  
22 THE UPCOMING TRADE SHOWS. WE'RE LOOKING TO SET ONE UP  
23 NOW AS WELL AT THE WESTERN BUILDER'S CONFERENCE, SO NOT  
24 THAT THAT IS DIRECTLY RELATED, BUT IF YOU WANTED TO  
25 TELL US, YOU KNOW, YOU CAN WORK WITH THE ZONE



1 ADMINISTRATORS IF THEY WANT TO ENHANCE THAT PRESENCE.

2 I THINK THAT'S CERTAINLY --

3 CHAIRMAN RELIS: I WOULDN'T HAVE A PROBLEM  
4 WITH IT AS LONG AS I THINK WE ALL KNEW WAS ANYTHING  
5 BEING GIVEN UP AS A CONSEQUENCE OF THAT THAT WE  
6 WOULDN'T BE AWARE OF.

7 MS. TRGOVCICH: IF ANYTHING WAS GOING TO BE  
8 GIVEN UP, IF WE WERE GOING TO BE PROPOSING  
9 SPECIFICALLY -- IF WE GOT SO MANY REQUESTS IN, WE WOULD  
10 COME BACK TO YOU AND SAY WE'VE -- WE HAVE NOT BUDGETED  
11 FOR THIS EVENT FOR THIS YEAR AND, THEREFORE, WE WOULD  
12 BE LOOKING FIRST TO RALPH AND ADMINISTRATION AND THEN  
13 TO YOU TO SAY GO AHEAD AND REDIRECT INTO THIS AREA.

14 BUT I THINK ONE OF THE REASONS WHY THIS  
15 IS POTENTIALLY DOABLE THIS YEAR IS BECAUSE WE ARE  
16 ALREADY EXHIBITING AT SOME OF THE SHOWS.

17 CHAIRMAN RELIS: OKAY. WELL, I THINK --

18 MEMBER PENNINGTON: WE DON'T WANT THE HASSLE  
19 OF THIS AT THREE OR FOUR BOARD MEETINGS.

20 CHAIRMAN RELIS: I FEEL QUITE PREPARED TO WRAP  
21 IT UP. SO WE'LL ALSO JUST TABLE THIS, AND THEN WE'LL  
22 COME BACK IN A MOTION IN THE END OR SEVERAL.

23 MS. FOX: OKAY. THE FOURTH INCENTIVE IN THIS  
24 CATEGORY IS TO PROVIDE FUNDING FOR THE ANNUAL CARMD  
25 CONFERENCE, AND THIS HAS BEEN RECOMMENDED SEVERAL TIMES



1       AND RECOMMENDED BY VARIOUS ZONE ADMINISTRATORS.  AND AS  
2       YOU'RE PROBABLY ALL AWARE, THE BOARD HAS FUNDED THESE  
3       EVENTS IN THE PAST WITH DOLLARS YEARS AGO, AND WE FEEL  
4       THAT IT WOULD IMPROVE ZONE ADMINISTRATOR PARTICIPATION,  
5       POSSIBLY INCREASE EDUCATIONAL VALUE OF THE GATHERING,  
6       AND GET SOME NEW SPEAKERS, THAT KIND OF THING.

7                       WE'VE ESTIMATED THAT IT COULD COST 5 TO  
8       \$8,000.  THAT INCLUDES STAFF TRAVEL, AND WE ARE  
9       RECOMMENDING FUNDING THIS INCENTIVE WITH SPLIT FUNDING  
10      FROM THE LSA AND IWMA.

11                    MS. TRGOVCICH:  MAYBE JUST ADD A NOTE THERE,  
12      GOING BACK TO THE SAME ISSUE OF SPLIT FUNDING, FOR  
13      EXAMPLE, UNDER THIS ONE, IF YOU WERE GOING TO SAY GO  
14      FLUSH THIS OUT, STAFF, LOOK AT HOW IT COULD WORK, ONE  
15      OF THE THINGS IS SAYING THAT STAFF TRAVEL IS BEING  
16      FUNDED THROUGH THE DIVISION BUDGET.  AND THAT'S THE,  
17      YOU KNOW, THAT PORTION THAT WE'RE CONTRIBUTING, LET'S  
18      SAY.  THAT MAY POTENTIALLY COME OUT OF IWMA.  IF  
19      MINDY'S GOING TO TRAVEL WITH THE CONFERENCE, THAT WOULD  
20      BE PAID OUT OF IWA FUNDS, FOR EXAMPLE, OR ANY OF HER  
21      STAFF.

22                    CHAIRMAN RELIS:  YOU KNOW, IN THIS ONE, YOU'RE  
23      NOT LOOKING FOR THIS SHORT TERM?

24                    MS. TRGOVCICH:  NO.  THIS IS NOT SHORT TERM.  
25      THEY HAVE NO CONFERENCE.  IT'S MY UNDERSTANDING THERE'S



1 NO CONFERENCE PLANNED FOR DURING THE CURRENT FISCAL  
2 YEAR.

3 CHAIRMAN RELIS: OKAY.

4 MS. FOX: KEEP GOING?

5 OKAY. THE LAST INCENTIVE IN THIS  
6 CATEGORY IS TO RAISE THE CONSCIOUSNESS OF POLITICIANS  
7 ACROSS THE STATE AROUND REGARDING RMDZ PROGRAMS AND  
8 WORKING STATEWIDE WITH CITY COUNCIL MEMBERS AND MAYORS  
9 AND/OR PRODUCING A VIDEO THAT CAN HIGHLIGHT THE RMDZ  
10 PROGRAM. AND THERE ARE SOME GREAT REASONS TO DO THIS,  
11 AS DISCUSSED MANY TIMES, AND SPECIFICALLY YESTERDAY,  
12 AND I THINK WE'RE ALL IN AGREEMENT THAT THE RMDZ  
13 PROGRAM DESERVES SOME ELEVATION IN A LOT OF POLITICAL  
14 CIRCLES. WITH A LITTLE RAISE OF CONSCIOUSNESS CAN COME  
15 FUNDING, STAFFING, ETC.

16 STAFF DID NOT RECOMMEND FUNDING THIS  
17 INCENTIVE, THOUGH, BECAUSE PERSONALLY WE DID NOT FEEL  
18 THAT IT IS STAFF'S ROLE TO DO THIS POLITICAL  
19 CONNECTION. IN FACT, WE THOUGHT THE BOARD MEMBERS  
20 COULD SERVE THIS TASK MUCH MORE EFFECTIVELY THAN WE.  
21 AND WHEN YOU'RE OUT AND ABOUT IN THE WORLD, WE THOUGHT  
22 IT WOULD BE HIGHLY EFFECTIVE IF YOU'RE SHARING THE RMDZ  
23 PROGRAM, AND WE DIDN'T SUGGEST FUNDING THE VIDEO AT  
24 \$20,000 BECAUSE WE WERE NOT CONVINCED IT WAS THE MOST  
25 EFFECTIVE USE OF DOLLARS.





1                   MEMBER CHESBRO:   WHEN I MET WITH STAFF ON  
2                   THIS, ALTHOUGH I AGREED WITH THEM ABOUT NOT FUNDING THE  
3                   VIDEO, I ALSO UNDERSTOOD WHY IT -- WHERE SOME ZONE  
4                   ADMINISTRATORS WERE COMING FROM.

5                                 AGAIN, GOING BACK TO WHAT I SAID EARLIER  
6                   ABOUT TRYING TO RAISE THE VISIBILITY IN A CLOUD OF THE  
7                   ZONE PROGRAM WITHIN THAT JURISDICTION, I THINK THAT'S  
8                   PROBABLY WHAT SOME OF THESE ZONE ADMINISTRATORS WERE  
9                   SAYING, TO HELP US GET THE MAYOR'S ATTENTION OR THE  
10                  CHAIRMAN OF THE BOARD OF SUPERVISORS OR WHOEVER.

11                                I GUESS MY RESPONSE TO IT WOULD BE RATHER  
12                  THAN A DOLLAR AMOUNT OR A VIDEO IS WITH THOSE ZONE  
13                  ADMINISTRATORS WHO'VE RAISED THIS AS A CONCERN, THAT WE  
14                  OFFER TO PERHAPS A BOARD MEMBER OR TWO AND STAFF, YOU  
15                  KNOW, GO PARTICIPATE IN SOME SORT OF A -- AN EFFORT,  
16                  SHOW UP AT A COUNCIL MEETING AND PARTICIPATE IN A  
17                  MEETING WITH A MAYOR OR SOMETHING THAT WOULD HELP  
18                  ACHIEVE THAT IN A SPECIFIC CASE WHERE THE ZONE  
19                  ADMINISTRATOR THINKS IT WOULD HELP THEIR PROGRAM.

20                                I'D CERTAINLY BE WILLING TO HE --

21                                CHAIRMAN RELIS:   I'D LOVE TO SEE YOU IN SANTA  
22                  BARBARA.

23                                MEMBER PENNINGTON:   WE'RE FROM SACRAMENTO.  
24                  WE'RE HERE TO HELP YOU.   I THINK THAT'S FINE.

25                                MEMBER CHESBRO:   I THINK THERE HAS BEEN A



1 PROBLEM IN SOME OF THESE JURISDICTIONS WHERE THE POLICY  
2 MAKERS, WHILE THEY DID ADOPT A RESOLUTION TO  
3 PARTICIPATE, HAVEN'T REALLY FOCUSED ON WHAT WE HAVE TO  
4 OFFER THEM; AND TO THE EXTENT THAT THE ZONE  
5 ADMINISTRATOR WANTS TO STRATEGIZE WITH OUR STAFF ON HOW  
6 WE COULD WORK ON THAT IN THAT PARTICULAR JURISDICTION,  
7 I'D CERTAINLY VOLUNTEER TO PARTICIPATE. AND I'D HOPE  
8 OTHER BOARD MEMBERS WOULD IF IT WOULD HELP SUIT THEIR  
9 GOAL OF ELEVATING THE ZONE PROGRAM IN THAT  
10 JURISDICTION.

11 CHAIRMAN RELIS: BEAR IN MIND THAT -- I MEAN  
12 WHEN WE FIRST STARTED DOWN THIS PATH, WESLEY, YOU'LL  
13 REMEMBER PROBABLY THE BIG FANFARE FOR THE JOB PROGRAM  
14 IN THE BEGINNING WAS BACK IN PROBABLY '91 OR THAT TIME,  
15 SO EVEN MANY OF THE ELECTED OFFICIALS --

16 MEMBER CHESBRO: TURNOVER.

17 CHAIRMAN RELIS: -- WHO WERE EVEN AWARE OF  
18 THIS ARE GONE, AND SO THERE NEEDS TO BE A RECOMMITMENT  
19 TO --

20 MEMBER CHESBRO: YEAH.

21 CHAIRMAN RELIS: -- RAISING THIS IS A PROGRAM  
22 THAT EXISTS. IT'S CRITICAL IN THESE LAST FEW YEARS FOR  
23 COMPLIANCE WITH.

24 MEMBER CHESBRO: I GUESS MY ARGUMENT WOULD BE  
25 IT'S MOST HELPFUL WHERE IT'S FOCUSED ON A ZONE WHERE



1       THERE'S A PERCEPTION BY THE ZONE STAFF THAT THEY NEED  
2       HELP, AS OPPOSED TO TRYING TO SET UP SOME NEW STATE  
3       LEVEL, COMPREHENSIVE EFFORT WHICH MAY BE NEEDED ONLY IN  
4       CERTAIN JURISDICTIONS FOR CERTAIN ZONES.

5               CHAIRMAN RELIS:    OKAY.

6               MS. FOX:   WE'LL MOVE INTO CATEGORY 2, AND  
7       THESE ARE THE INCENTIVES THAT ARE SPECIFIC TO THE LOAN  
8       PROGRAM.   THE FIRST IS TO PAY FEES FOR QUALIFIED  
9       APPLICATIONS AND TO CLOSE LOANS.   AND WE HAVE RECEIVED  
10      THE SUGGESTION FROM SOME ZONE ADMINISTRATORS, CERTAINLY  
11      NOT ALL, AND, TRADE AND COMMERCE HAS A HISTORY OF  
12      PAYING SOME FEES FOR CLOSED LOANS AND FOR APPLICATIONS.

13              WE HAVE FELT THAT THIS COULD BE AN UNFAIR  
14      OR SERVE AS AN UNFAIR ADVANTAGE TO SOME ZONE  
15      ADMINISTRATORS IF WE IMPLEMENT THIS PROGRAM.   NOT ALL  
16      ZA'S HAVE EXPERTISE AND EXPERIENCED THE PACKAGED LOANS,  
17      SO SOME WOULD BE AT A DISADVANTAGE.

18              WE ALSO FELT THAT EVEN THOSE WHO DO  
19      PREPARE GREAT PACKAGES, WHEN THEY GET UP TO THE BOARD,  
20      IT COULD CAUSE SOME CONFLICTS BETWEEN BOARD STAFF AND  
21      ZONE ADMINISTRATORS BECAUSE THEY WILL NOT ALL BE DEEMED  
22      ELIGIBLE OR QUALIFIED, SO WE THOUGHT THAT MIGHT BE  
23      BEARING INTO THE UNPLEASANT, BASICALLY, AND WE ALSO  
24      THOUGHT THAT THIS EFFORT ACTUALLY WOULDN'T RESULT IN A  
25      DRAMATIC INCREASE IN DISPOSAL, SO WE DID NOT RECOMMEND



1 GIVING FEES BASED ON CLOSING LOANS OR BRINGING IN  
2 APPLICATIONS. WE DID NOT RECOMMEND THIS INCENTIVE.

3 CHAIRMAN RELIS: OKAY.

4 MS. FOX: THE SECOND SUGGESTION IS TO DEVELOP  
5 A MICRO LOAN PROGRAM. AND AS YOU'RE ALL VERY WELL  
6 AWARE, WE ARE INVOLVED IN THE CALCAP PROGRAM, AND WE  
7 FELT THAT THAT EFFORT ACTUALLY SERVES THIS SUGGESTION  
8 VERY WELL, AND THAT THERE'S STATISTICS INDICATING THAT  
9 THERE'S BUSINESS FAILURES WITH THE MICRO LOAN PROGRAMS  
10 AT 75 PERCENT OR GREATER. AND SO THERE WASN'T A NEED  
11 TO MAYBE DEVELOP SOMETHING SPECIFICALLY HERE WITH THAT  
12 KIND OF STATISTICAL BACKGROUND, AND THAT THERE ARE A  
13 VARIETY OF EXISTING MICRO LOAN PROGRAMS OUT THERE. SO  
14 FOR THOSE REASONS, WE DID NOT FEEL THAT THE BOARD  
15 SHOULD ESTABLISH A MICRO LOAN PROGRAM.

16 CHAIRMAN RELIS: JUST A THOUGHT -- NOT A  
17 THOUGHT, A COMMENT. WHILE IT'S TRUE -- AND I AGREE  
18 WITH YOUR REASONING THERE, BUT WE STILL HAVE A WAYS TO  
19 GO WITH THIS CALCAP PROGRAM WHERE IT'S NOT A PROGRAM  
20 YET. WE'RE STILL IN THE DISCUSSION STAGES WITH CPCFA?

21 MS. TRGOVCICH: BASICALLY CPCFA COMPLETED  
22 THEIR EVALUATION OF THE CALCAP LAST OCTOBER/NOVEMBER  
23 TIME FRAME. FRED SMITH HAS VIEWED THE EVALUATION AT  
24 THE END OF THE YEAR. WE'RE MAKING SOME MODIFICATIONS  
25 TO THE PROGRAM.





1 WE BEGAN FORMAL DISCUSSIONS WITH CPCFA  
2 LAST NOVEMBER TO BEGIN TO TALK ABOUT HOW OUR  
3 CONTRIBUTION WOULD WORK. CPCFA RECEIVED A MEMO FROM US  
4 OUTLINING THE -- OUTLINING THE VARIOUS APPROACHES, AND  
5 THEY ARE IN THE PROCESS OF EVALUATING WHAT THAT WOULD  
6 TAKE.

7 FOR EXAMPLE, ONE OF THE APPROACHES, THEY  
8 FEEL, WOULD REQUIRE THEM TO DEVELOP REGULATIONS. SO  
9 THEY'RE IN THE PROCESS OF DOING THAT EVALUATION RIGHT  
10 NOW. THEY'VE EXPERIENCED ANOTHER TURNOVER. THE  
11 INDIVIDUAL THAT WAS WRITING THAT PROGRAM AT THE STAFF  
12 LEVEL HAD MOVED ON TO THE LITTLE HOOVER COMMISSION, SO  
13 THEY'RE GOING THROUGH YET ANOTHER CHANGE IN OUR  
14 ORGANIZATION, WHICH SLOWS US DOWN AGAIN.

15 CHAIRMAN RELIS: BUT WE'RE DOING EVERYTHING WE  
16 CAN, I ASSUME, AT OUR END?

17 GOOD. ANY DISCUSSION ON THAT?

18 OKAY. NEXT.

19 MS. FOX: THE NEXT ONE IS A SUGGESTION WE  
20 REDUCE THE LOAN FEE FROM 3 PERCENT TO 2 PERCENT. AND  
21 AT THE AUGUST 27TH, 1997, BOARD MEETING, THIS WAS  
22 DISCUSSED, AND THERE WAS CONCERN EXPRESSED WHETHER THE  
23 BOARD HAD THE AUTHORITY THE CHANGE THE LOAN FEES.

24 LEGAL HAS GIVEN US A READ THAT, YES, WE  
25 DO HAVE AUTHORITY TO DO THAT. STAFF IS RECOMMENDING



1 MAKING THAT SWITCH FROM 3 PERCENT TO 2 PERCENT. AND WE  
2 SPOKE WITH MANY ZONE ADMINISTRATORS, AND THEY'VE  
3 INDICATED THIS IS A GREAT INCENTIVE TO BUSINESSES TO  
4 PARTICIPATE IN THE LOAN PROGRAMS AND INDIRECTLY IT THEN  
5 MAKES THEIR LIFE MUCH EASIER BECAUSE THEY'VE GOT MORE  
6 BUSINESS TO PARTICIPATE IN THE PROGRAM. SO IT IS A  
7 BENEFIT TO BOTH ADMINISTRATORS AND THE BUSINESSES  
8 DIRECTLY INVOLVED.

9 STAFF HAS ESTIMATED ON A PRETTY  
10 AGGRESSIVE LEVEL IF \$10 MILLION IN LOANS ARE GIVEN OUT,  
11 THIS WOULD HAVE AN IMPACT ON THE LSA OF A HUNDRED  
12 THOUSAND TO 125,000 PER YEAR.

13 MEMBER PENNINGTON: DOES THE -- THE 2 PERCENT  
14 LOAN FEE COVER OUR COST?

15 MS. FOX: NO.

16 MS. TRGOVCICH: NOR DOES THE 3 PERCENT.

17 MEMBER PENNINGTON: SO WE'RE GETTING DEEPER IN  
18 THE HOLE. IT'S COSTING US OUR MORE MONEY TO PROCESS  
19 THE LOAN.

20 MS. TRGOVCICH: THAT IS CERTAINLY THE CASE.  
21 AND I WOULD SAY FROM THE STAFF PERSPECTIVE, WHEN WE  
22 WENT THROUGH AND DID THE ANALYSIS ON THE COST FOR  
23 PURPOSES OF THE OUTSOURCING THE ELEMENTS OF THE PROGRAM  
24 THAT ARE NOW UNDER CONTRACT, THAT THAT SIGNIFICANTLY IS  
25 BEYOND THE 3 PERCENT. HOWEVER, BECAUSE WE ARE VIEWING



1       THIS AT THE STAFF LEVEL AS A PROGRAM DESIGNED TO BRING  
2       BUSINESSES IN, WE FELT THAT THIS WAS AN APPROPRIATE  
3       THING TO CONSIDER.

4               MEMBER PENNINGTON:   DOES THE HUNDRED THOUSAND  
5       TO 125,000 INCLUDE INCREASE IN REVENUE GENERATED BY THE  
6       FACT THAT YOU GET MORE LOANS?

7               MS. FOX:   NO.   THAT'S NOT REFLECTED, ACTUALLY,  
8       SO THAT'S A GOOD POINT.

9               MEMBER PENNINGTON:   OKAY.   RIGHT?

10              MEMBER CHESBRO:   I SEE THIS IF YOU LOOK AT THE  
11       FACT THAT WE -- WE ARE COLLECTING SIGNIFICANT AMOUNTS  
12       OF INTEREST WHICH ARE CAUSING THE LOAN FUND TO GROW,  
13       THAT'S CERTAINLY REVENUE THAT -- THAT CURRENTLY OFFSETS  
14       THIS POTENTIAL.   AND, SECONDLY, WE HAVE THE PROBLEM OF  
15       THE LOAN FUND GROWING AT A RATE FASTER THAN THE LOANS  
16       ARE GOING OUT.   AND SO IF THIS INCENTIVE WOULD ACTUALLY  
17       HELP GET LOANS OUT THE DOOR, I THINK THAT IT'S A COST  
18       THAT COULD HELP US, YOU KNOW, CAUSE THE LOAN RATE TO GO  
19       UP AND HELP UTILIZE THOSE DOLLARS FOR THE PURPOSE THAT  
20       THE LEGISLATURE SET THEM ASIDE FOR.

21              MS. FOX:   KEEP MOVING?

22              OKAY.   THE NEXT FOUR SUGGESTIONS WERE ALL  
23       THINGS TO CONSIDER AT THE FEBRUARY 5TH, 1997, WORKSHOP.  
24       AND SUBSEQUENT FOLLOW-UP HAS CERTAINLY BEEN  
25       IMPLEMENTED, SO I'M GOING TO MENTION THEM BRIEFLY, BUT



1 WE'RE NOT ACTUALLY MAKING A LOT OF SUGGESTIONS ABOUT  
2 CHANGES HERE BECAUSE THEY'VE BEEN TALKED ABOUT AND  
3 ACTIONS HAVE BEEN TAKEN.

4 THE FIRST IS THAT THERE'S CERTAINLY BEEN  
5 TALK THAT WE HAVE RIGID LOAN COLLATERAL REQUIREMENTS.  
6 AND STAFF TALKED ABOUT THIS AT GREAT LENGTH, AND WE  
7 FEEL THAT EACH APPLICATION IS EVALUATED BASED ON ITS  
8 OWN MERITS, STRENGTHS, AND WEAKNESSES OF THE BUSINESSES  
9 AND IT'S NEGOTIATED AS A WIN-WIN FOR BOTH THE  
10 APPLICANTS AND THE BOARD. AND AS IN ANY LENDING  
11 SITUATION, CASH FLOW FROM NORMAL OPERATIONS IS  
12 EVALUATED AND APPROPRIATE COLLATERAL IS REQUIRED. AND  
13 RISKY BUSINESSES, THEY REQUIRE A LITTLE BIT MORE  
14 CLASSIC STABILITY, AND STABLE, STRONG BUSINESSES  
15 REQUIRE A LITTLE LESS AS DOES ANY LENDING PROGRAM. SO  
16 WE DIDN'T FEEL IT NECESSARY TO MAKE ANY CHANGES IN THIS  
17 REALM.

18 MEMBER PENNINGTON: SOUNDS GOOD.

19 MS. FOX: THE NEXT SUGGESTION, FUND NEW AND  
20 INNOVATIVE TECHNOLOGIES. AND WE FELT THAT THIS REALLY  
21 COMES DOWN TO A MISPERCEPTION THAT EXISTS PROBABLY  
22 WIDELY, AND MAYBE WE NEED TO WORK ON THAT, BUT THE  
23 FACTS ARE STATISTICS HAVE INDICATED THAT AT LEAST  
24 ONE-THIRD OF OUR LOANS HAVE GONE TO START-UP  
25 BUSINESSES.





1                   MBA POLYMERS AND EVERGREEN ARE VERY  
2       RECENT EXAMPLES OF THAT.   AND BASED ON THOSE STATISTICS  
3       AND THE FACT THAT WE THINK WE ARE FUNDING BUSINESSES,  
4       AGAIN WE DIDN'T RECOMMEND ANY KIND OF CHANGE IN THIS  
5       REALM.

6                   CHAIRMAN RELIS:   YEAH.   I THINK THE PERCEPTION  
7       PERSISTS THAT WE AREN'T TAKING ON HIGH RISK.   BUT  
8       HAVING BEEN OUT AT MBA POLYMER, THAT'S -- THAT'S A VERY  
9       HIGH RISK PROPOSITION, AND I DON'T KNOW HOW WE OVERCOME  
10      THAT.

11                  WE HAD A LONG DISCUSSION IN THAT SPECIAL  
12      MEETING WE HAD, AND I THINK SOME CAME AWAY STILL OF THE  
13      FEELING THAT WE WEREN'T DOING ENOUGH IN NEW VENTURES  
14      OR -- BUT I -- I CERTAINLY FEEL COMFORTABLE WITH WHAT  
15      WE'VE DONE.   I THINK WE'VE TAKEN ON HIGH RISK.

16                  MS. FOX:   THE NEXT ONE IS TO CLARIFY THE LOAN  
17      PROGRAM FUND CRITERIA, AND I THINK THIS ISSUE WILL  
18      RAISE ITS HEAD CONTINUOUSLY.   ELIGIBILITIES WILL NEVER  
19      BE A BLACK AND WHITE ISSUE.   IT'S NEVER A HUNDRED  
20      PERCENT CLEAR IF SOMEBODY'S IN OR OUT, BUT STAFF HAS  
21      GONE TO GREAT LENGTHS TO CLEAN IT UP, STREAMLINE IT,  
22      MAKE IT MORE CONSISTENT AND MUCH EASIER TO UNDERSTAND.  
23      SO AT THE CURRENT TIME, WE DIDN'T FEEL THERE WAS ANY  
24      EFFORT WARRANTED ALONG THESE LINES; BUT AS EVERYBODY  
25      KNOWS, ELIGIBILITY IS EVALUATED ONCE A YEAR, SO WE'LL



1 BE TAKING A LOOK AT IT AGAIN IN THE SUMMER AND CHANGES,  
2 IF WARRANTED, WILL BE MADE THEN.

3 AND THEN LAST ONE IN THIS CATEGORY IS TO  
4 GIVE PREFERENCE TO LOANS THAT ARE LEVERAGING LOCAL  
5 GOVERNMENT MONEY. AND AS WE ALL KNOW, WE ONLY FUND UP  
6 TO 50 PERCENT OF A PROJECT, SO MOST COMPANIES ARE  
7 LEVERAGING OTHER DOLLARS. AND AT THIS TIME, BECAUSE  
8 WE'RE NOT IN A SITUATION OF SCARCITY OF FUNDS, WE DON'T  
9 FEEL THAT WE NEED TO HAVE ANY PREFERENCE FROM ONE TYPE  
10 OF LOAN VERSUS ANOTHER. WE DON'T HAVE A RANKING  
11 SYSTEM. SO AGAIN, NO RECOMMENDED CHANGES IN THIS  
12 ARENA.

13 CHAIRMAN RELIS: COMMENTS?

14 OKAY. CATEGORY 3.

15 MS. FOX: CATEGORY 3 I CAN GO OVER VERY  
16 BRIEFLY. THESE ARE ALL SUGGESTIONS THAT STAFF FELT  
17 WOULD REQUIRE LEGISLATIVE ACTION, AND THEY RANGE FROM  
18 THINGS LIKE KIND OF MIMICKING ENTERPRISE ZONE  
19 INCENTIVES SUCH AS HIRING CREDITS, SALES AND USE TAX  
20 CREDITS, BUSINESS EXPENSE DEDUCTIONS, TO PROVIDING  
21 GRANT PROGRAM FOR SOUND NEW TECHNOLOGIES, OR COMPANIES  
22 REQUESTING ENGINEERING ASSISTANCE.

23 WE HAD A SUGGESTION TO INCREASE THE RMDZ  
24 LOAN REPAYMENT TERMS FROM 10 YEARS TO 15 TO 20 OR TO  
25 REDUCE THE RMDZ LOAN INTEREST RATE OR TO LET THE ZONES



1 DEVELOP MICRO LOAN PROGRAMS AT LOCAL LEVELS. AND WE  
2 HAD INDICATED IN THE ITEM THAT WE COULD ANALYZE THESE  
3 AND THEN TAKE THEM TO LPAC.

4 IN DISCUSSIONS WE REALIZE THIS ACTION  
5 COULD HAVE BEEN PREMATURE MAKING THAT STATEMENT. WE'RE  
6 HAPPY TO FLUSH THIS OUT IN THE SIMILAR MANNER TO WHAT  
7 WE DID IN THE FIRST TWO CATEGORIES AND BRING THEM BACK  
8 TO THIS COMMITTEE WITH SOME RECOMMENDATIONS ABOUT WHICH  
9 ONES WOULD DESERVE AN IN-DEPTH LEGISLATIVE ANALYSIS.

10 CHAIRMAN RELIS: ANY DISCUSSION?

11 MEMBER PENNINGTON: I THINK THAT'S THE BEST  
12 COURSE TO TAKE IS TO FLUSH THEM OUT A LITTLE BIT MORE  
13 AND THEN BRING THEM BACK.

14 CHAIRMAN RELIS: I MEAN, THESE ARE ALL -- YOU  
15 KNOW, WHEN YOU THINK IN TERMS OF LEGISLATION, SOME OF  
16 THIS HAS, YOU KNOW, REALLY GOT TO BE WORKED OUT. IT'S  
17 A ONE-LINER RIGHT NOW.

18 MS. FOX: YEAH.

19 CHAIRMAN RELIS: OKAY. SO THOUGHTS?

20 OKAY. MOVE ON.

21 MS. FOX: AND THE FOURTH CATEGORY, I DON'T  
22 FEEL THE NEED TO GO OVER EACH ONE OF THEM BECAUSE I  
23 THINK THERE'S 17 SUGGESTIONS, BUT AGAIN, I'LL JUST  
24 REITERATE, AS I SAID EARLIER, THAT THESE ARE SERVICES  
25 THAT THE BOARD CAN CHOOSE TO PROVIDE. THEY AREN'T



1       INCENTIVES THAT REQUIRE CONSIDERATION BY COMMITTEE, AND  
2       WE'VE COMMITTED TO IMPLEMENTING THEM OR INDICATED WHAT  
3       WE'RE CURRENTLY DOING.  AND THEY RANGE FROM THINGS LIKE  
4       DEVELOPING A REPOSITORY OF MARKETING MATERIALS THAT WE  
5       GATHER ACROSS THE NATION TO DEVELOPING A CHAT ROOMS ON  
6       THE WEB SO THAT ZONE ADMINISTRATORS CAN TALK WITH US  
7       AND WITH OTHERS TO DEVELOPING A CLOSER WORKING  
8       RELATIONSHIP WITH TRADE AND COMMERCE, WHICH I'LL SPEAK  
9       TO IN MY NEXT AGENDA PRESENTATION.

10               SO IN SUM, THE COMMITTEE NEEDS TO LOOK AT  
11       THE INCENTIVES THAT WERE DESCRIBED IN CATEGORIES 1 AND  
12       2, AND WE'VE RECOMMENDED FOUR OF THOSE INCENTIVES.  AND  
13       THEY TOTAL 509,000 -- \$509,000, YEAH, AND THAT'S  
14       317,000 FROM THE LOAN ACCOUNT AND 192 FROM THE IWMA.

15               CHAIRMAN RELIS:  OKAY.  LET ME SEE IF I CAN --  
16       FIRST, I NEED TO DO SOMETHING I DIDN'T DO AT THE  
17       OUTSET, MENTION THAT IF YOU WISH TO ADDRESS THIS ITEM  
18       AS MEMBERS OF THE PUBLIC OR ANY SUBSEQUENT ITEMS,  
19       THERE'S SLIPS AT THE REAR OF THE ROOM.

20               SO SINCE I DIDN'T TELL YOU THAT, IS THERE  
21       ANYONE IN THE AUDIENCE THAT WISHES TO SPEAK TO THE  
22       COMMITTEE ON THIS?

23               OKAY.  THEN LOOKING AT FRAMING A MOTION,  
24       LET ME JUST SEE IF I UNDERSTAND THIS.  THE WAY I READ  
25       IT ON -- IF WE WERE TO DEVELOP A RESOLUTION, ADOPT A





1       RESOLUTION THAT'S BEFORE US, THE SPECIFIC AREAS THAT  
2       WE'VE FERRETED OUT THERE ARE -- WERE 1.1 -- NOW I'M  
3       REFERRING TO THE ONE CATEGORY -- 1.1, 1.3, 1.4, 1.5,  
4       BUT 1.3 IS ONE THAT WE MAY WISH -- BECAUSE THAT IS  
5       IMMEDIATE -- TO BREAK OUT.

6               MS. TRGOVCICH:  WHAT WE CAN SAY IS IN THE  
7       EXTENT THAT STAFF HAS ALREADY PLANNED FOR THESE  
8       ACTIVITIES, WE CAN LEVERAGE OUR PARTICIPATION WITH THE  
9       ZONE ADMINISTRATORS DURING THIS CURRENT FISCAL YEAR.

10              CHAIRMAN RELIS:  BUT WOULD THAT REQUIRE --  
11       SHOULD WE BREAK THAT OUT OF THE MAJOR RESOLUTION  
12       BECAUSE THE -- THE RESOLUTION'S A CONCEPTUAL ONE, THE  
13       WAY I UNDERSTOOD IT.

14              SO WHY DON'T WE JUST -- I WOULD SUGGEST  
15       WE DO THAT, THAT WE DEAL WITH THE CONCEPTUAL ITEMS AS  
16       ONE RESOLUTION AND THE SPECIFIC ACTION AS ANOTHER.

17              SO AT LEAST THE WAY I -- I SEE IT -- AND  
18       CORRECT ME IF I'M WRONG -- 1.1, 1.4, 1.5 ADDRESS THE  
19       CONCEPTUAL --

20              MEMBER CHESBRO:  2.3.

21              CHAIRMAN RELIS:  AND THEN 2.3, YES, THE  
22       REDUCTION OF THE LOAN FUNDS, THOSE ARE WHERE I THINK I  
23       HEAR THE COMMITTEE BEING.

24              SO IS THERE A MOTION?

25              MEMBER PENNINGTON:  SURE.  I'LL MOVE IT.



1                   MEMBER CHESBRO:   THE 1.5 NEEDS TO BE  
2                   CLARIFIED, TOO, THAT IT'S NOT AUTHORIZATION FOR THE --  
3                   MOVING FORWARD WITH THE VIDEO.  
4                   CHAIRMAN RELIS:   OH, I'M SORRY.  
5                   MS. BORZELLERI:   JUST TO CLARIFY, I THINK YOU  
6                   DON'T NEED TWO RESOLUTIONS, JUST ONE RESOLUTION THAT  
7                   BREAKS THE ITEMS OUT.  I THINK THAT'S WHAT YOU WERE  
8                   SAYING.  I JUST WANTED TO CLARIFY.  
9                   CHAIRMAN RELIS:   WE COULD JUST BREAK THEM OUT  
10                  THAT WAY.  
11                  MS. BORZELLERI:   WHEN YOU SAY BE IT RESOLVED,  
12                  YOU KNOW, MOVE FORWARD WITH THESE IN ONE ARENA AND THEN  
13                  ON YOUR NEXT LINE, BE IT FURTHER RESOLVED, YOU KNOW,  
14                  PURSUE THIS ONE AND GIVE THE SPECIFIC LANGUAGE YOU WANT  
15                  FOR THAT.  
16                  CHAIRMAN RELIS:   IS THAT THE WAY YOU WERE  
17                  RESOLVING IT?  
18                  MEMBER PENNINGTON:  THAT'S FINE.  I WAS JUST  
19                  TRYING TO GET THE NUMBERS HERE.  1.1, ONE POINT --  
20                  MS. TRGOVCICH:   FOUR.  
21                  CHAIRMAN RELIS:   1.3 WOULD BE THE --  
22                  MS. TRGOVCICH:   1.3 IS THE TRADE SHOWS.  
23                  MEMBER PENNINGTON:  1.1, 1.3, 1.4.  
24                  MS. TRGOVCICH:   1.5 WITHOUT THE VIDEO.  
25                  CHAIRMAN RELIS:   WITHOUT THE VIDEO.



1                   MEMBER CHESBRO:   YES.

2                   MEMBER PENNINGTON:   1.5 WITHOUT VIDEO.

3                   CHAIRMAN RELIS:   AND THEN THERE WAS 2.3, WHICH

4                   REFERS TO THE REDUCTION IN THE FEES RECOMMENDATION.

5                   MS. TRGOVCICH:   2.3.

6                   CHAIRMAN RELIS:   2.3.   THAT'S IT, I THINK.

7                   MS. TRGOVCICH:   AND JUST FOR CLARIFICATION

8                   PURPOSES, I UNDERSTOOD YOUR CONVERSATION AROUND 1.5 TO

9                   BE THAT THIS IS SOMETHING THAT BOARD MEMBERS WOULD TAKE

10                  ADVANTAGE OF OPPORTUNITIES AT THE REQUEST OF ZONE

11                  ADMINISTRATORS TO PARTICIPATE AT LOCAL MEETINGS.

12                  CHAIRMAN RELIS:   RIGHT.

13                  MEMBER CHESBRO:   NOW, THE RESOLVED THAT REFERS

14                  TO, ALL THESE ON PAGE 17 UNDER THE RESOLUTION REFERS TO

15                  ADOPTING INCENTIVES.

16                  CHAIRMAN RELIS:   RIGHT.

17                  MEMBER CHESBRO:   AND SO I'M NOT SURE THAT

18                  THAT'S THE LANGUAGE WE ACTUALLY WANT, SO I THINK WE

19                  ARE -- WE'RE CONCEPTUALLY APPROVING THESE --

20                  CHAIRMAN RELIS:   I HAVE A SUGGESTION.   WOULD

21                  IT BE ACCEPTABLE IF WE INSERTED THE LANGUAGE THAT THE

22                  BOARD ADOPTS IN CONCEPT AND SUBJECT TO LEGAL REVIEW AND

23                  BUDGETARY --

24                  MEMBER PENNINGTON:   RIGHT.

25                  CHAIRMAN RELIS:   -- CONSIDERATIONS.



1                   MEMBER CHESBRO:    THAT SOUNDS FINE.

2                   MEMBER PENNINGTON:   CONCEPT, LEGAL REVIEW, AND

3   BUDGET REVIEW.    OKAY.    THAT'S MY MOTION.

4                   CHAIRMAN RELIS:    SECOND IT.    WE'LL CALL THE

5   ROLL.

6                   THE SECRETARY:    BOARD MEMBER PENNINGTON.

7                   MEMBER PENNINGTON:    AYE.

8                   THE SECRETARY:    CHESBRO.

9                   MEMBER CHESBRO:    AYE.

10                  THE SECRETARY:    CHAIRMAN RELIS.

11                  CHAIRMAN RELIS: AYE, AND WHAT DO YOU THINK?

12   WE'VE GOT A BIG AGENDA AT THE END OF THE MONTH.   IS

13   THIS SOMETHING --

14                  MEMBER PENNINGTON:    IT'S OKAY WITH ME

15   UNLESS --

16                  CHAIRMAN RELIS:    CONSENT.    CONCEPTUAL CONCEPT.

17   OKAY.

18                  MS. TRGOVCICH:    REMEMBER EACH OF THESE ITEMS

19   WILL BE COMING BACK, SO YOU WILL HAVE FURTHER

20   OPPORTUNITY.

21                  MEMBER PENNINGTON:    OKAY.

22                  CHAIRMAN RELIS:    GOOD.

23                  MS. TRGOVCICH:    MOVING TO ITEM 3, ITEM 3 IS

24   CONSIDERATION OF CLARIFICATION OF THE ORIGINAL --

25                  MS. FOX:    2.3 WAS IN THE RESOLUTION?





1                   CHAIRMAN RELIS:   YES.

2                   MS. TRGOVCICH:   ITEM 3 IS CONSIDERATION OF  
3                   CLARIFICATION OF THE ORIGINAL ZONE DESIGNATION FOR THE  
4                   CENTRAL COAST RECYCLING MARKET DEVELOPMENT ZONES TO  
5                   INCLUDE THE CITIES OF ARROYO GRANDE, ATASCADERO, GROVER  
6                   BEACH, MORRO BAY, PISMO BEACH, AND SAN LUIS OBISPO.

7                   JOHN SMITH WILL BE PRESENTING THIS ITEM  
8                   TO YOU.   I WOULD JUST LIKE TO SAY THAT THIS IS  
9                   SOMETHING THAT WE HAVE BEEN WORKING ON THE CENTRAL  
10                  COAST ZONE, I THINK, SINCE I TOOK THIS JOB.   AND I AM  
11                  VERY PLEASED TO SEE THIS ELEMENT OF THIS ITEM COMING  
12                  FORWARD TO THE COMMITTEE AND BOARD'S CONSIDERATION.

13                  JOHN.

14                  MR. SMITH:   FOR THE RECORD, I'M JOHN SMITH,  
15                  MANAGER OF THE BOARD'S RECYCLING BUSINESS ASSISTANCE  
16                  BRANCH.

17                  THE DEVELOPMENT OF THIS ITEM RESULTED  
18                  FROM CONFUSION BOTH BETWEEN BOARD STAFF AND LOCAL ZONE  
19                  STAFF ON WHETHER ALL THE INCORPORATED CITIES WERE PART  
20                  OF THE CENTRAL COAST ZONE.

21                  IN AN ATTEMPT TO RESOLVE THIS ISSUE, BOTH  
22                  BRANCH STAFF AND THE LEGAL OFFICE CAREFULLY WENT BACK  
23                  TO THE ORIGINAL APPLICATION AND ALL SUPPORTING  
24                  DOCUMENTS.   WE FOUND IN THOSE DOCUMENTS THAT THERE WERE  
25                  CLEAR REFERENCES FOR THE INCORPORATED CITIES BEING PART



1       OF THE ZONE.

2                       HOWEVER, THERE LACKED INFORMATION --  
3       THERE WAS INCOMPLETE INFORMATION ON THE INCORPORATED  
4       CITIES THAT WEREN'T CO-APPLICANTS AT THE TIME THIS  
5       DESIGNATION WAS APPROVED. SO TO RECTIFY THIS CONCERN,  
6       STAFF -- STAFF ASKED FOR CLARIFYING RESOLUTIONS FROM  
7       EACH INCORPORATED CITY WITHIN THE ZONE. AND IN THOSE  
8       CLARIFYING RESOLUTIONS, WE WANTED THEM TO STATE THAT  
9       CLEARLY THEY WERE A PARTICIPATING JURISDICTION, EACH OF  
10      THE INCORPORATED CITIES, THAT THEY AGREED TO THE  
11      EXISTING ZONE STRUCTURE AND THAT WE WOULD BE PROVIDED  
12      CLEAR MAPPING OF THE ZONE BOUNDARIES.

13                     THIS DIRECTION WAS GIVEN TO THE CENTRAL  
14      COAST ZONE ADMINISTRATOR IN MARCH OF '97. CITIES IN  
15      TWO COUNTIES, SAN BENITO AND SANTA CRUZ, DECIDED NOT TO  
16      AVAIL THEMSELVES OF THIS OPTION.

17                     THE COUNTY OF MONTEREY IS IN THE PROCESS  
18      OF GETTING ALL THE CLARIFYING RESOLUTIONS FROM THEIR  
19      CITY, SO WE'D SEE THEM SUBMITTED AT A LATER DATE.

20                     SAN LUIS OBISPO COUNTY HAS SUBMITTED ALL  
21      THOSE RESOLUTIONS THAT COVER ALL THE THREE AREAS FOR  
22      ALL THEIR INCORPORATED CITIES, SO WE'RE AT THE POINT OF  
23      RECOMMENDING THAT THE ORIGINAL ZONE DESIGNATION BE  
24      CLARIFIED TO INCLUDE ALL THE INCORPORATED CITIES OF SAN  
25      LUIS OBISPO COUNTY.



1                   ARE THERE ANY QUESTIONS WITH THE -- ABOUT  
2     THE ITEM?

3                   CHAIRMAN RELIS: I WOULD BE SURPRISED IF  
4     THERE'S A LONG DISCUSSION ON THIS ONE.

5                   IS THERE A MOTION?

6                   MEMBER CHESBRO: I'LL MOVE IT.

7                   MEMBER PENNINGTON: I'LL SECOND IT.

8                   CHAIRMAN RELIS: OKAY.

9                   MS. TRGOVCICH: CAN I --

10                  MR. SMITH: 98-02.

11                  CHAIRMAN RELIS: RESOLUTION 98-02 HAS BEEN  
12     MOVED AND SECONDED. GEE, I JUST GAVE DONNELL -- LET'S  
13     JUST -- WE'LL JUST WAIT A MOMENT. TAKE A TWO-MINUTE  
14     BREAK.

15                  MS. TRGOVCICH: LET'S SEE IF CAN REMEMBER ALL  
16     THE COMMITTEE MEMBERS' NAMES.

17                  CHAIRMAN RELIS.

18                  CHAIRMAN RELIS: AYE.

19                  MS. TRGOVCICH: MEMBER CHESBRO.

20                  MEMBER CHESBRO: AYE.

21                  MS. TRGOVCICH: MEMBER PENNINGTON.

22                  MEMBER PENNINGTON: AYE.

23                  CHAIRMAN RELIS: A LITTLE DIFFERENT SEQUENCE  
24     THERE.

25                  ANY PROBLEMS WITH COUNSEL?



1 MS. BORZELLERI: NO.

2 CHAIRMAN RELIS: WE'VE PASSED THE TEST. SO

3 CONSENT?

4 MEMBER PENNINGTON: YEAH.

5 CHAIRMAN RELIS: SO IT IS.

6 MS. TRGOVCICH: ITEM 4, CHAIRMAN RELIS, IS

7 UPDATE ON ACTIVITIES IN THE RECYCLING BUSINESS

8 DEVELOPMENT SECTION.

9 THIS ITEM WILL BE PRESENTED BY MINDY FOX.

10 THIS IS AN UPDATE ITEM ONLY, SO THERE IS NO WRITTEN

11 ITEM IN YOUR PACKAGE.

12 MS. FOX: I'M TRYING TO GET THE MACHINE ON.

13 OKAY? WE HAD IT WORKING AT 9:30.

14 CHAIRMAN RELIS: I'LL ALWAYS REMEMBER THE

15 CAUCUSING THAT GOES ON AROUND THAT HIGH-TECH SYSTEM

16 THERE.

17 MS. FOX: OKAY. WE'RE READY AND THIS IS A

18 MUCH LIGHTER AGENDA ITEM THAN MY PREVIOUS ONE.

19 AGAIN, FOR THE RECORD, I'M MINDY FOX OF

20 THE RECYCLING BUSINESS ASSISTANCE SECTION, AND I'VE

21 BEEN IN THE ROLE OF MANAGING THAT SECTION FOR FOUR

22 MONTHS, SO WE JUST THOUGHT IT WAS TIME TO GIVE YOU AN

23 UPDATE ON WHAT OUR SECTION IS DOING AND WHERE WE'RE

24 HEADED, OKAY. AND WE'VE KIND OF RE-ENERGIZED THE STAFF

25 AND WE SWAPPED SOME GEOGRAPHICAL ASSIGNMENTS. AND





1 STAFF, THE VERY FIRST THING THEY DID WHEN THEY GOT  
2 THEIR NEW ASSIGNMENTS WAS PREPARE ZONE ACTION PLANS OR  
3 ZAP'S. AND THEY OUTLINE WHAT ACTIVITIES THEY INTEND TO  
4 DO IN THE ZONE, WITH WHOM, WHY AND WHEN, AND THEY  
5 DEVELOP THESE IN CONJUNCTION WITH THE ZONE  
6 ADMINISTRATORS OBVIOUSLY. AND IN MANY CASES IT'S THE  
7 VERY FIRST TIME THAT STAFF HAS HAD A PROACTIVE PLAN IN  
8 TERMS OF WHAT THEY INTEND TO IMPLEMENT IN THE ZONE.  
9 AND SO IT'S PRETTY ENCOURAGING.

10 JUST BY THE PREPARATION OF THESE ZAP'S,  
11 STAFF DEVELOP NEW RELATIONSHIPS WITH ZONE  
12 ADMINISTRATORS, AND SOME OF THE ZONE ADMINISTRATORS  
13 FELT VERY ENERGIZED THAT WE INTEND TO BE THERE, REALLY  
14 HOLD HANDS AND GET SOME WORK DONE.

15 THEN WE HAVE A SERIES OF ACTIVITIES THAT  
16 WE'RE IMPLEMENTING AND ARE UNDER WAY RIGHT NOW THAT  
17 SUPPORT ZONES IN GENERAL, ALL 40 OF THEM ACROSS THE  
18 STATE. AND THE FIRST I'D LIKE TO DISCUSS ARE SOME CASE  
19 STUDIES.

20 WE CURRENTLY HAVE A DOZEN THAT ARE CLOSE  
21 TO DONE. THEY'RE HEADED FOR PAGE IN THE PUBLICATION  
22 WORLD, AND THEN YOU'LL SEE THEM IN THE FINAL DRAFT  
23 FORM, AND THEY HIGHLIGHT SUCCESSFUL BUSINESS  
24 ENTERPRISES IN THE ZONES. AND WE'VE OUTLINED THEM SO  
25 YOU DESCRIBE THE CHALLENGE THAT THEY'RE ENCOUNTERING,



1 THE ACTIONS TAKEN, THE RESULTS, AND THE POWERFUL  
2 PARTNERSHIPS THAT ARE UNDER WAY. AND WE FEEL THAT  
3 THESE CASE STUDIES WILL SERVE AS GREAT HOW-TO MODELS.  
4 THEY'RE AIMED AT THE ZONE ADMINISTRATORS AND OTHER  
5 LOCAL GOVERNMENT STAFF AND THEN, OF COURSE, AT  
6 BUSINESSES.

7 THE NEXT THING WE'RE DOING IS PUTTING  
8 TOGETHER RECYCLED-CONTENT PRODUCT LISTS OF ALL THE  
9 RCP'S GENERATED IN THE ZONES. AND THIS SOUNDS LIKE  
10 KIND OF A SIMPLE THING AND, WELL, DUH, WHY HAVEN'T WE  
11 HAD THIS BEFORE. BUT ACTUALLY IT HASN'T BEEN EASY TO  
12 CREATE.

13 IN MANY, MANY CASES, ZONE ADMINISTRATORS  
14 WERE NOT AWARE OF ONE SINGLE RCP BEING MANUFACTURED IN  
15 THEIR ZONE, SO WE'RE FERRETING THAT OUT AND WE'RE  
16 PUTTING TOGETHER THIS LIST. IT WILL BE INCORPORATED  
17 INTO THE RECYCLED-CONTENT DATABASE AND THEN MASSAGED IN  
18 MANY WAYS AND USED AS A MARKETING TOOL AND NETWORKING  
19 TOOL, SOMEWHAT LIKE CALMAX.

20 WE MAY FIND THAT SOMEBODY'S CREATING A  
21 PRODUCT AND, YOU KNOW, FIVE BLOCKS AWAY IN THEIR ZONE,  
22 THERE COULD BE FEEDSTOCK THEY NEED, SO WE SEE MANY USES  
23 FOR THIS. AND WE'RE PROBABLY 80 PERCENT DONE AND  
24 COMPLETION, THIS WILL BE A DYNAMIC DOCUMENT, OBVIOUSLY.

25 MUCH OF THE -- WELL, AN ASIDE BEFORE WE



1 GET TO THAT ONE.

2 MUCH OF THE INFORMATION INCLUDING THAT  
3 WILL BE PUT ON THE WEB. WE'VE UPDATED ALL THE ZONE  
4 PROFILES AND THE MAPS AND SUCH, AND THEY'RE WITH IMD  
5 RIGHT NOW. AND WHEN DO THEIR MAGIC TOUCH, THEY'LL BE  
6 ON THE WEB, AND I'M CERTAINLY HOPING BY SPRING.

7 WE'RE ALSO WORKING ON A TECHNOLOGY  
8 DISPLAY THAT WILL HIGHLIGHT MANUFACTURING TECHNOLOGIES  
9 THAT ARE APPROPRIATE IN RURAL ZONES, AND THOSE ARE  
10 MANUFACTURING TECHNOLOGIES LIKE FIRELOGS AND THE TIRE  
11 MATS THAT EVERYBODY'S FAMILIAR WITH. AND IT WILL --  
12 THIS DISPLAY WILL FIRST BE EXHIBITED AT THE LAKE COUNTY  
13 BUSINESS FAIR THAT'S GOING TO HAVE AN EMPHASIS ON  
14 ENVIRONMENTAL THINGS THIS YEAR IN MARCH, ACTUALLY, AND  
15 THAT WILL BE USED AT ALL THE OTHER APPROPRIATE VENUES  
16 IN RURAL CALIFORNIA.

17 AND IT'S KIND OF EXCITING TO HAVE  
18 SOMETHING LIKE THIS BECAUSE PEOPLE WILL BE ABLE TO  
19 TOUCH THINGS, SEE THINGS, SEE PRODUCTS. THERE WILL BE  
20 SOME MARKETING MATERIALS THAT PEOPLE CAN WALK AWAY  
21 WITH, AND IT WILL BE A VERY REAL LIFE, HANDS-ON, HOW-TO  
22 KIND OF THING.

23 I THINK EVERYBODY'S AWARE, WE HAVE A  
24 \$40,000 CONTRACT TO PROVIDE SOME SUPPORT TO, AGAIN, THE  
25 RURAL ZONES, AND WE'RE TAKING A VERY CREATIVE APPROACH



1       IN PROVIDING BUSINESS ASSISTANCE UNDER THIS CONTRACT  
2       CONCEPT WHERE WE'RE HOPING TO UTILIZE A MARKETING REP  
3       WHO WILL PREPARE A CATALOG OF RCP'S MANUFACTURED IN  
4       THOSE RURAL ZONES AND THEY'LL STICK IT UP ON THE WEB,  
5       AND THEN THEY'RE GOING TO PUT TOGETHER A GREEN BUYER'S  
6       LIST AND CONTACT ALL THOSE GREEN BUYERS AND GET  
7       PRODUCTS PURCHASED.  AND IT'S DEFINITELY A STEP BEYOND  
8       THE TYPICAL BUSINESS PLAN APPROACH, PREPARING A  
9       BUSINESS PLAN AND MARKETING PLAN.  AND WE SURVEYED A  
10      LOT OF THE ZA'S IN THOSE RURAL ZONES AND FOUND THAT  
11      THIS WAS GOING TO BE MUCH MORE HELPFUL, THEY FELT, THAN  
12      THOSE MARKETING PLANS.

13                   AND WE'RE JUST IN THE -- THE SCOPE OF  
14      WORK AND IFB PREPARATION PHASE ON THIS ONE.  YOU ARE  
15      ALL AWARE THAT WE ALSO ARE WORKING ON SOME INVESTOR  
16      FORUMS.  WE HAVE \$120,000 SET ASIDE TO DO THIS.  WE  
17      HAVE APPROVAL TO IMPLEMENT TWO AND THEN DO ANOTHER TWO  
18      IF JUDGED SUCCESSFUL.  AND WE ARE HONESTLY STUCK IN  
19      SOME CONTRACTUAL TALK WITH U.S. EPA RIGHT NOW IN  
20      TERMS OF HOW TO GET SOME MONEY BACK AND FORTH, SO  
21      YOU'LL HEAR MORE ON THAT.

22                   WE'VE MET WITH FOLKS FROM TRADE AND  
23      COMMERCE RECENTLY TO BUILD A MUCH STRONGER RELATIONSHIP  
24      WITH THEM BECAUSE THEY ARE ON A DAILY BASIS IN THE  
25      BUSINESS OF RECRUITING BUSINESSES INTO CALIFORNIA AND





1 TALKING ABOUT EXPANSION AND CONVERSIONS AND THINGS LIKE  
2 THAT, SO WE THINK IT'S INCREDIBLY WISE TO DOVETAIL ONTO  
3 MANY OF THEIR EFFORTS AND LEVERAGE RESOURCES, AND WE'RE  
4 TALKING ABOUT DOING SOME JOINT PUBLICATIONS OR ACTUALLY  
5 GETTING OUR STUFF INTO PUBLICATIONS THAT THEY PUT OUT,  
6 MAKING JOINT BUSINESS PRESENTATIONS WITH BUSINESS  
7 MEETINGS THEY'VE ALREADY SET UP, DOING SOME MEDIA  
8 OUTREACH POSSIBLY, AND PIGGYBACKING OFF OF SOME  
9 WORKSHOPS THEY'VE ALREADY SET UP.

10 I THINK THERE'S A POTENTIAL HERE THAT WE  
11 REALLY HAVE NOT TAPPED INTO PRIOR.

12 CHAIRMAN RELIS: WE ARE NOW IN THE MIDST OF A  
13 REALLY STRONG ECONOMIC CYCLE IN THE STATE, AND I'M  
14 REMINDED THAT MUCH OF OUR WORK HAS BEEN OVER THE LAST  
15 FOUR OR FIVE YEARS WHERE WE WERE IN RECESSION MUCH OF  
16 THAT TIME. AND IT STRIKES ME THAT THE -- THE TIME FOR  
17 A NEW IMPULSE OF GETTING BOTH THE VISIBILITY, WHAT WE  
18 TALKED ABOUT EARLIER, BOARD MEMBERS, THE VISIBILITY,  
19 RMDZ, NEW TOOLS, THIS IS A TIME TO REALLY STRIKE  
20 BECAUSE THE ECONOMY'S STRONG. THERE ARE GOING TO BE A  
21 LOT OF BUSINESS GROWTH IN ALL SECTORS, I THINK, OF --  
22 OF THE STATE, AND WE HAVE TO RIDE THIS AND LOOK AT THIS  
23 AS AN OPPORTUNITY FOR BOTH THE LOAN PROGRAM AND THE  
24 VISIBILITY OF THE RMDZ.

25 MS. FOX: QUITE AN OPPORTUNITY AT THIS POINT.



1                   THE LAST POINT I'D LIKE TO COVER IS  
2           THAT -- ACTUALLY A THANK YOU TO DASSI OF THE ZONE  
3           ASSISTANCE STAFF. SHE HAD THE THANKLESS JOB OF  
4           ANALYZING ALL THE ANNUAL REPORTS SINCE 1993 AND TRY TO  
5           DRAW OUT SOME HELPFUL INFORMATION REGARDING THEMES,  
6           TRENDS, NUMBERS, ETC. AND IT PROBABLY WAS NOT A  
7           PLEASANT JOB AND SHE WENT FOR IT.

8                   THERE'S A LOT OF CAVEATS REGARDING WHAT  
9           WE FOUND, AND WHAT I'M GOING TO INDICATE HERE SO DON'T,  
10          YOU KNOW, THINK THIS IS LAW AT ALL. OKAY?

11                  THOSE ANNUAL REPORTS OVER THE FOUR, FIVE,  
12          DEPENDING IF YOU'RE COUNTING FISCAL OR ANNUAL YEAR,  
13          THERE WERE 36 ANNUAL REPORTS SUBMITTED THAT REPRESENTED  
14          25 ZONES, SO THAT'S CERTAINLY NOT A WEALTH OF  
15          INFORMATION, AND THERE WAS NOT CONSISTENT INFORMATION  
16          SUBMITTED ON THOSE REPORTS EVEN THEY DO HAVE A FORM TO  
17          FILL OUT.

18                  NOT ALL THE INFORMATION THAT IS REFLECTED  
19          IN THE REPORTS, ESPECIALLY IN TERMS OF DIVERSION AND  
20          JOBS, IS READILY AVAILABLE TO ZONE ADMINISTRATORS.

21                  SOME OF THE NUMBERS THEY SUBMITTED ARE  
22          SPECULATIVE AS OPPOSED TO ACTUAL. THERE'S A LOT OF  
23          CAVEATS HERE, BUT I REALLY THOUGHT A REVIEW WAS  
24          WARRANTED JUST TO GIVE US A FLAVOR OF WHAT'S IN THERE  
25          AND SEE IF ANY GEMS POPPED OUT.



1                   AND WHAT WAS INTERESTING WAS DASSI WAS  
2     ABLE TO FIND SOME INTERESTING INFORMATION IN TERMS OF  
3     WHAT KIND OF BUSINESS OUTREACH THE ZONES ARE  
4     IMPLEMENTING, WHAT KIND OF MARKETING TOOLS THEY ARE  
5     DEVELOPING AND/OR USING, THE TECHNICAL ASSISTANCE  
6     THEY'RE PROVIDING TO BUSINESSES, AND FINANCIAL  
7     INCENTIVES IN ADDITION TO OUR LOAN PROGRAM THAT THEY  
8     ARE OFFERING.

9                   ON A NUMBERS FRONT -- AND AGAIN, KEEP IN  
10    MIND SOME OF THOSE CAVEATS -- WHAT WE FOUND OVER THE  
11    SPAN OF THOSE YEARS WERE OVER TWO MILLION TONS PER YEAR  
12    WERE REPORTED IN THE REPORTS THAT HAVE BEEN DIVERTED  
13    AND OVER 2,000 JOBS PER YEAR.

14                  NOW, WE THINK THESE ARE PROBABLY VASTLY  
15    UNDERREPORTED BECAUSE, AGAIN, IT ONLY REPRESENTS 25 OF  
16    THE ZONES OUT OF 40, AND THIS IS A CUMULATIVE COUNT  
17    WITH MANY OF THEM NEVER SUBMITTING REPORTS. AND IN  
18    SOME CASES THE ZONE ADMINISTRATORS TALLIED CURRENT  
19    DIVERSION, AND IN SOME CASES, THEY INDICATE A PROJECTED  
20    BASED ON EXPANSIONS OR CONVERSIONS THEY THOUGHT MIGHT  
21    OCCUR. AND IN MANY CASES, NO ESTIMATES FOR DIVERSION  
22    WERE GIVEN BECAUSE I THINK THEY FELT UNCOMFORTABLE WITH  
23    IT OR THEY JUST PLAIN DIDN'T TRACK IT.

24                  BUT I DID WANT TO POINT OUT THAT WE -- WE  
25    HAVE ON RECORD AT LEAST TWO MILLION TONS PER YEAR, AND









1        THAT WAS MORE PROCESSING, BRINGING TO MARKET AND  
2        MANUFACTURING, AND I WOULD THINK THAT WOULD -- THAT  
3        WOULD TRACK AGAIN WITH THIS IDEA OF 10 PERCENT.

4                MS. FOX:    FOR BEING UNDERREPORTED, I THOUGHT  
5        TWO MILLION WAS WORTHY OF PUTTING UP ON YOUR SCREEN.

6                CHAIRMAN RELIS:    THAT'S VERY GOOD.

7                MS. FOX:    IF IT HADN'T BEEN LOOKING LIKE THAT,  
8        I MIGHT HAVE CHOSEN DIFFERENTLY.

9                CHAIRMAN RELIS:    NOW, NOW.    WE'RE A PUBLIC  
10       ENTITY.    WE CAN TAKE THE BAD NEWS, TOO.

11               MS. FOX:    SO THAT'S IT.

12               MEMBER PENNINGTON:    SHE'S GETTING OFF.

13               CHAIRMAN RELIS:    BUT IT'S NICE TO SEE THAT.

14               MS. FOX:    THOSE ARE ACTIVITIES THAT WE HAVE  
15       UNDER WAY IN OUR SECTION THAT ARE SUPPORTING ALL ZONE  
16       EFFORTS, AND, OF COURSE, THESE ACTIVITIES ARE ON TOP OF  
17       WHAT STAFF IS DOING DAY-TO-DAY IN TERMS OF WORKING WITH  
18       BUSINESSES, WORKING WITH OTHER STAFF TO IDENTIFY  
19       FEEDSTOCK, PROVIDE TECHNICAL ASSISTANCE, LINK ONE  
20       BUSINESS UP WITH ANOTHER, THE VARIETY OF THE  
21       NITTY-GRITTY OF WHAT THEY DO.    THAT IS INCREDIBLY  
22       IMMEASURABLE, TOUGH TO ACCOUNT FOR, SOMEWHAT  
23       INTANGIBLE.

24               I'M PROUD OF THEIR EFFORTS AND WILL BE  
25       HAPPY TO COME BACK TO COMMITTEE WHEN WE THINK THERE'S



1 REASON FOR ANOTHER UPDATE.

2 CHAIRMAN RELIS: THANK YOU.

3 MS. TRGOVCICH: I DON'T KNOW IF MANY OF YOU  
4 HAD AN OPPORTUNITY, BUT THE MOST RECENT VERSION OF THE  
5 RMDZ NEWSLETTER IS OUT. PLEASE DO TAKE A LOOK AT IT.  
6 THERE'S A LOT OF EXCELLENT INFORMATION IN THERE AROUND  
7 THE ZONES THEMSELVES.

8 I THINK, AS WE TALKED EARLIER, IN TERMS  
9 OF THE RISKIER LOANS THAT WE ARE UNDERTAKING, WE HAVE A  
10 PROFILE IN THERE OF THE MBA POLYMERS AS WELL AS THE  
11 EVERGREEN GLASS LOAN, SO WE ARE REALLY TRYING TO USE  
12 THAT NEWSLETTER, AS WELL, AS A VEHICLE TO BE MUCH MORE  
13 CONTENT ORIENTED TO GET INFORMATION OUT.

14 CHAIRMAN RELIS: OKAY.

15 MEMBER PENNINGTON: IMPRESSIVE NUMBERS.

16 CHAIRMAN RELIS: MOVING RIGHT ALONG, WE NEED  
17 TO GET TO ITEM 5.

18 MS. TRGOVCICH: ITEM 5 IS A DISCUSSION OF THE  
19 BOARD'S PAPER UTILIZATION FORUM. BRIAN FORAN IS GOING  
20 TO BE PRESENTING THAT ITEM ALONG, IS IT LOOKS LIKE,  
21 WITH CAROLE AS WELL OR CAROLE'S JUST SITTING AT THE  
22 PODIUM.

23 THIS ITEM, JUST AS BRIAN WALKS UP, THIS  
24 IS IN RESPONSE TO COMMITTEE DIRECTION MANY MONTHS AGO  
25 LAST FALL WHERE THE COMMITTEE, IN RESPONSE TO THE



1        CALCULATION OF THE PAPER UTILIZATION RATE, SAID WE  
2        ACKNOWLEDGE THAT THE RATE AS CALCULATED BY STAFF IS  
3        LOWER. WE ACKNOWLEDGE THAT PERHAPS THERE IS SOME  
4        DIFFERENCES THAT WE HAVEN'T ACCOUNTED FOR, BUT BECAUSE  
5        PAPER IS SUCH A SIGNIFICANT ELEMENT OF THE WASTESTREAM,  
6        WE ARE ASKING THAT YOU, STAFF, CONVENE WORKSHOPS OF  
7        EXPERTS TO BE ABLE TO DISCUSS SEVERAL QUESTIONS.

8                        BRIAN TOOK THE LEAD IN PUTTING THOSE  
9        WORKSHOPS TOGETHER. THEY OCCURRED IN THE DECEMBER TIME  
10       FRAME, OR THE MIDDLE OF DECEMBER, IN FACT, AND HE'S  
11       GOING TO BE SUMMARIZING FOR YOU THE QUESTIONS THAT WERE  
12       ASKED AND THE RECOMMENDATIONS THAT WE RECEIVED.

13                      MR. FORAN: THANK YOU, CAREN.

14                      GOOD MORNING, MR. CHAIRMAN, COMMITTEE  
15       MEMBERS. I'M HERE TO PROVIDE A SUMMARY OF THE PAPER  
16       DIVERSITY UTILIZATION FORUM THAT WE HELD ON DECEMBER  
17       16TH AND 17TH OF LAST YEAR.

18                      THE COMMITTEE DIRECTED STAFF TO CONDUCT  
19       THIS FORUM IN RESPONSE TO STAFF'S REVELATION THAT THE  
20       CALIFORNIA POSTCONSUMER PAPER RECOVERY RATE IN 1996  
21       DECLINED BY ABOUT THREE PERCENTAGE POINTS FROM THE  
22       PREVIOUS YEAR.

23                      I WOULD LIKE TO NOTE AN ERROR IN THE  
24       ITEM. THE 1996 RATE WAS PRINTED AT 30.1 PERCENT. IN  
25       FACT, IT WAS 31.1 PERCENT. NONETHELESS, THERE WAS



1        THAT -- THERE WAS THAT DECLINE IN RECOVERY BETWEEN 1996  
2        AND '95 WHICH CONCERNED STAFF AND CONCERNED THE  
3        COMMITTEE ENOUGH TO DIRECT US TO CONVENE EXPERTS TO SEE  
4        WHAT WE COULD DO ABOUT BOOSTING THAT RECOVERY RATE.

5                        IN THE ANALYSIS OF THE '96 RECOVERY RATE,  
6        I IDENTIFIED THREE PRIMARY FACTORS WHICH LED TO THAT  
7        DECLINE. ONE WAS A SIGNIFICANT DECLINE IN OVERSEAS  
8        DEMAND FOR RECOVERED PAPER, AND THAT WAS THE PRIMARY  
9        ISSUES. SECONDARY ISSUES WERE A SLIGHT BUT CONTINUING  
10       DECLINE IN CALIFORNIA'S MARKET SHARE OF THE  
11       POSTCONSUMER PAPER RECOVERED AT WESTERN U.S. MILLS, AND  
12       THEN THIRD IS A CONTINUING INCREASE IN THE AMOUNT OF  
13       PAPER THAT WE GENERATE HERE IN CALIFORNIA.

14                      CONSEQUENTLY THE COMMITTEE DIRECTED STAFF  
15        TO ADDRESS THREE MAJOR ISSUES AT THE FORUM. THE FIRST  
16        ISSUE OR QUESTION WAS HOW CAN THE BOARD HELP INCREASE  
17        CONSUMPTION OF POSTCONSUMER PAPER AT WESTERN U.S. PAPER  
18        MILLS.

19                      SECONDLY, HOW CAN THE BOARD HELP IMPROVE  
20        ITS METHOD OF CALCULATING THE -- CALIFORNIA'S  
21        POSTCONSUMER PAPER RECOVERY RATE; AND THIRD, HOW CAN  
22        THE BOARD HELP REDUCE THE AMOUNT OF POSTCONSUMER PAPER  
23        GENERATED IN CALIFORNIA.

24                      WE HELD THREE SESSIONS IN THE FORUM, EACH  
25        SESSION ADDRESSING ONE OF THESE QUESTIONS, AND WE -- WE





1 HAD ORIGINALLY SCHEDULED A SESSION TO ADDRESS HOW WE  
2 CAN INCREASE ACTUAL RECOVERY OF PAPER. DUE TO THE LOW  
3 NUMBER CONFIRMED PARTICIPANTS, THAT PARTICULAR SESSION  
4 WAS CANCELLED.

5 THE PRIMARY ISSUE RAISED AT THE FIRST  
6 SESSION ADDRESSING WESTERN U.S. MILL CONSUMPTION FOR  
7 UTILIZATION OF POSTCONSUMER PAPER WAS THAT AN INCREASE  
8 IN THE COMMINGLED METHOD OF COLLECTING RECYCLABLES  
9 THROUGH RESIDENTIAL CURBSIDE RECYCLING PROGRAMS HAS  
10 RESULTED IN SIGNIFICANT INCREASE IN THE CONTAMINATION  
11 OF THAT PAPER.

12 BY "COMMINGLED," I MEAN -- I MEAN THE  
13 MIXING OF THAT PAPER WITH OTHER RECYCLABLES SUCH AS  
14 CANS AND BOTTLES, NOT MIXING THAT PAPER IN WITH REFUSE,  
15 WHICH IS A WHOLE NOTHER ISSUE, BUT SIMPLY THE  
16 COMMINGLING OF THE PAPER RESULTS IN CONTAMINATION OF  
17 THAT PAPER SUCH AS RESIDUE FROM FLUIDS STILL IN THE  
18 BEVERAGE CONTAINERS AND ALSO APPARENTLY THE COMMINGLING  
19 METHOD ENCOURAGES PEOPLE TO PUT MATERIALS THAT DON'T  
20 BELONG IN THERE SUCH AS GARBAGE, AND SO THAT WAS THE  
21 PRIMARY ISSUE.

22 OTHER ISSUES ALSO ADDRESSED WERE THE  
23 INCREASE IN THE USE OF PRESSURE SENSITIVE ADHESIVES,  
24 WHICH ARE THE PEEL AND STICK-TYPE ADHESIVE YOU FIND ON  
25 MAILING LABELS, STAMPS, KID'S STICKIES, YOU NAME IT.



1       THEY'RE VERY POPULAR, VERY CONVENIENT, BUT  
2       UNFORTUNATELY THEY CREATE A SIGNIFICANT PROBLEM IN THE  
3       RECYCLING PROCESS AND -- SO THAT IS A MAJOR ISSUE FOR  
4       PAPER RECYCLING MILLS.

5                       THIRD WAS -- AND THIS IS MORE A RECOVERY  
6       ISSUE, BUT WE DID HAVE -- BECAUSE WE DIDN'T HAVE THE  
7       RECOVERY SESSION. WE DID YOUR ISSUES ON OBSTACLES TO  
8       INCREASE RECOVERY, AND THAT WAS THE 1996 CALIFORNIA  
9       APPEALS COURT DECISION THAT WHEN A RECYCLING COMPANY  
10      CHARGES A FEE FOR THEIR RECYCLING SERVICE, THAT IS  
11      TANTAMOUNT TO COLLECTING SOLID WASTE, AND CONSEQUENTLY  
12      RECYCLING COMPANIES CANNOT PROVIDE THAT SERVICE AT A  
13      FEE IF -- IF THAT SERVICE IS PROVIDED IN AN AREA WHERE  
14      THERE'S AN EXCLUSIVE FRANCHISE FOR COLLECTING SOLID  
15      WASTE.

16                     SO THIS HAS PUT THE CLAMPS ON RECYCLERS  
17      FROM PROVIDING SERVICE TO SMALL AND MEDIUM SIZE  
18      BUSINESSES WHICH IN MOST CASES THEY DO NEED TO CHARGE A  
19      FEE FOR SERVICE IN ORDER TO MAKE SOME TYPE OF PROFIT IF  
20      IT IS IN AN AREA WITH FRANCHISE SOLID WASTE COLLECTION.

21                     MS. TRGOVCICH: BRIAN, I THINK IT'S IMPORTANT  
22      TO POINT OUT THAT THESE ISSUES THAT WERE RAISED CAME  
23      FROM ESSENTIALLY MANY OF THE MANUFACTURERS THEMSELVES,  
24      SO YOU MAY HAVE MANY OF YOUR FRANCHISE COLLECTORS IN  
25      THE WORLD OUT THERE WHO WILL SAY, WELL, WE PICK THAT



1 MATERIAL UP AND WE PROVIDE THAT SERVICE. SO WHAT WE'RE  
2 PROVIDING YOU HERE IS THE PERSPECTIVE OF PARTICIPANTS  
3 FROM THAT MANUFACTURER'S PERSPECTIVE THEMSELVES.

4 MR. FORAN: THAT IS CORRECT. THE PARTICIPANTS  
5 IN THIS FORUM WERE PRIMARILY THE PAPER MANUFACTURERS  
6 THEMSELVES, ALTHOUGH I WOULD LIKE TO CLARIFY THAT IN  
7 THE -- AS FAR AS THE FRANCHISE ISSUE GOES, IT WASN'T SO  
8 MUCH THAT THEY WERE CONCERNED THAT REFUSE HAULERS HAD A  
9 MONOPOLY ON COLLECTION, BUT RATHER THERE ARE A NUMBER  
10 OF SMALL AND MEDIUM BUSINESSES GENERATING RECYCLABLES  
11 WHICH SIMPLY ARE NOT BEING PROVIDED RECYCLING  
12 COLLECTION SERVICE BECAUSE OF THE LIMITED NUMBER OF  
13 PLAYERS OUT THERE.

14 THE OTHER SIGNIFICANT ISSUE RAISED AT THE  
15 FIRST SESSION WAS THAT A TREND TOWARDS COLLECTING  
16 OFFICE PAPER IN A MIXED FORM, WHICH IS IRONICALLY  
17 REFERRED TO AS SORTED OFFICE PAPER, BUT IN FACT IT'S A  
18 COLLECTION OF VARIOUS OFFICE PAPERS MIXED TOGETHER, HAS  
19 LED TO AN INCREASE OF CONTAMINATION OF THOSE PAPERS AS  
20 WELL.

21 THE RECOMMENDATIONS FROM THE PARTICIPANTS  
22 ON HOW TO ADDRESS THE ISSUES THAT THEY RAISED WERE,  
23 FIRST OF ALL, THE BOARD SHOULD PROVIDE INCENTIVES FOR  
24 RESIDENTIAL CURBSIDE RECYCLING PROGRAMS TO USE  
25 SOURCE-SEPARATED COLLECTION METHODS.



1                   BEAR IN MIND ALSO WHAT CAREN SAID ABOUT  
2           THE MIX OF OUR PARTICIPANTS HERE, THAT THERE ARE OTHER  
3           VIEWPOINTS ON THIS, ABOUT THE COMMINGLED VERSUS  
4           SEPARATED ISSUE, BUT THIS IS THE PERSPECTIVE FROM THE  
5           PAPER MANUFACTURERS THEMSELVES.

6                   SECONDLY, THE BOARD SHOULD ENCOURAGE  
7           ALTERNATIVES TO PRESSURE SENSITIVE ADHESIVE PRODUCTS  
8           AND TO PROMOTE A RECYCLING FRIENDLY PRESSURE SENSITIVE  
9           ADHESIVE IF AND WHEN SUCH AN ADHESIVE IS DEVELOPED.

10                  NOW, WE HAD HEARD FROM THE AMERICAN  
11           FOREST AND PAPER ASSOCIATION THAT THE U.S. POSTAL  
12           SERVICE IN CONTRACT WITH ENGINEERING FIRMS IS SIX TO  
13           NINE MONTHS AWAY FROM INTRODUCTION OF A TRUE WATER  
14           SOLUBLE RECYCLING FRIENDLY PRESSURE SENSITIVE ADHESIVE.

15                  WELL, I'LL BELIEVE THAT WHEN I SEE IT;  
16           AND IF THAT IS -- BECAUSE WE'VE HEARD THE SAME THING  
17           FOR A NUMBER OF YEARS; BUT IF, IN FACT, SUCH AN  
18           ADHESIVE IS INTRODUCED AND, SAY, THE POSTAL SERVICE  
19           INTRODUCES STAMPS AND OTHER LABELS WITH SUCH AN  
20           ADHESIVE, THEN WE COULD CERTAINLY PROMOTE THE USE OF  
21           THAT ADHESIVE IN OTHER PRODUCTS THROUGH THE COMMERCIAL  
22           COMPANIES OUT THERE SUCH AS AVERY AND DENNIS WHO  
23           MANUFACTURE A LOT OF THE PRESSURE SENSITIVE PRODUCTS.

24                  THIRD, THAT THE BOARD SHOULD SUPPORT THE  
25           RIGHT OF PAPER COLLECTORS TO CHARGE A FEE FOR THEIR





1 SERVICE, REGARDLESS OF WHETHER OR NOT SOLID WASTE  
2 COLLECTION IS FRANCHISED IN THE AREA. I WOULD LIKE TO  
3 NOTE THAT THE -- THAT THE COURT DECISION, THE APPEALS  
4 COURT DECISION, WAS FURTHER APPEALED BY THE -- BY THE  
5 PLAINTIFF, BY THE PEOPLE WHO HAD ORIGINALLY SOUGHT  
6 RELIEF FROM THIS DECISION, AND THE CALIFORNIA SUPREME  
7 COURT DENIED REVIEW OF THAT CASE, SO THIS IS A VERY  
8 LOFTY RECOMMENDATION.

9 AND FOURTH, THE BOARD SHOULD EDUCATE  
10 BUILDING MANAGERS AND OWNERS OF THE IMPORTANCE OF  
11 SOURCE SEPARATION IN OFFICE PAPER COLLECTION PROGRAMS  
12 SO AS TO MINIMIZE CONTAMINATION.

13 CHAIRMAN RELIS: I WONDER IF WE MIGHT STOP  
14 THERE A MINUTE. I KNOW I HAVE A FEW THINGS TO SAY.

15 FIRST, ON THE FIRST ITEM, THAT'S --  
16 THAT'S AN ENORMOUSLY IMPORTANT AREA ABOUT COMMINGLED  
17 VERSUS SOURCE SEPARATED. THE TREND IS CLEARLY TOWARDS  
18 COMMINGLED, AND THERE ARE VERY COMPELLING ECONOMIC  
19 REASONS FOR THAT FROM THE CITIES AND FROM THE FRANCHISE  
20 AGREEMENTS. AND I WOULD THINK THAT WE NEED TO HEAR  
21 MORE FROM THE MARKETING EXPERIENCE, FROM THE FRANCHISE  
22 COLLECTORS, AND THE COUNTIES AND CITIES ABOUT THE  
23 MARKETING DYNAMIC FROM THEIR PERSPECTIVE BECAUSE IF WE  
24 WENT OUT AND JUST SAID, WELL, THE BOARD'S VIEW IS YOU  
25 NEED TO GO BACK TO THREE BINS AND -- OR SOME OTHER



1       SYSTEM LIKE THAT AND WE DON'T HAVE A COMPELLING CASE  
2       BEHIND THAT, WE'D GET CLOBBERED.  AND I FOR ONE HAVE  
3       CONTINUED TO HEAR THAT THE PARTIES THAT ARE DOING THE  
4       COMMINGLED ARE ACHIEVING QUALITY STANDARDS BY IN  
5       LARGE, SO I -- I REMAIN CONFUSED ON THAT POINT.  AND  
6       IT'S SUCH AN ENORMOUS, SIGNIFICANT AREA.  IT HAS TO DO  
7       WITH MILLIONS AND MILLIONS OF DOLLARS OF INVESTMENT.

8               MS. TRGOVCICH:  JUST TO POINT OUT, AS BRIAN  
9       REMINDS YOU AT THE BEGINNING, IT WAS THE RECOVERY  
10      SESSION THAT WE DID NOT RECEIVE ENOUGH PARTICIPANTS TO  
11      BE ABLE TO HOLD THAT SESSION.

12             CHAIRMAN RELIS:  YES.

13             MS. TRGOVCICH:  SO WE MAY WANT TO PURSUE  
14      THROUGH SOME OTHER AVENUE --

15             CHAIRMAN RELIS:  I THINK MAYBE PHONE CALLS  
16      RATHER THAN -- I DON'T THINK WE NEED NECESSARILY MORE  
17      MEETINGS, BUT JUST GET ON THE PHONE AND -- AND TALK TO  
18      SOME OF THE PLANT MANAGERS OR THE MARKETING PEOPLE AT  
19      THE MATERIAL RECOVERY FACILITIES OR IN THE CITIES AND  
20      COUNTIES AND GET A DIRECT COMMENT:  WHERE ARE THEY  
21      HAVING DIFFICULTIES MARKETING MATERIAL?  WHAT HAVE THEY  
22      SEEN SINCE THEY IMPLEMENTED THEIR PROGRAM?  HAVE  
23      THEIR -- HAS THEIR ACCESS TO MARKETS GONE DOWN?  IS IT  
24      ABOUT THE SAME?  IS IT -- WHERE'S THE QUALITY DROP OFF?

25             BECAUSE, AGAIN, I DON'T SEE THAT TREND



1       CHANGING WITH THE ECONOMICS OF COLLECTION.  IT'S JUST A  
2       VERY -- IT'S A FUNDAMENTAL AND IT -- WE HAVE -- THE  
3       INDUSTRY VIEW IS UNDERSTANDABLY HIGHER QUALITY OR WE  
4       MAY REJECT LOADS OR WE MAY SEE A FALLING OFF THERE.  
5       BUT IT'S SUCH, AGAIN, AN ENORMOUSLY IMPORTANT AREA THAT  
6       WE HAVE TO DO OUR HOMEWORK WHETHER WE HAVE THE INPUT --  
7       WE DIDN'T GET THE INPUT IN A MEETING, SO WE HAVE TO GET  
8       IT THROUGH ANOTHER MEANS.

9               MEMBER CHESBRO:  WELL, I THINK LIKE YOU, PAUL,  
10       MY EARLY DAYS OF RECYCLING AND UP UNTIL FAIRLY  
11       RECENTLY, I HAVE BEEN A VERY STRONG ADVOCATE OF SOURCE  
12       SEPARATION AND THE HIGHEST QUALITY IN ORDER TO MARKET  
13       THE MATERIAL, BUT I THINK INCREASINGLY WE HEAR FROM  
14       LOCAL GOVERNMENTS, THEY COME TO US AND SAY WE'VE DONE  
15       ALL THE SIMPLE THINGS, CURBSIDE AND THINGS, AND WE  
16       CAN'T GET THE RATEPAYERS TO APPROVE ANY MORE MONEY, SO  
17       HOW CAN WE FINANCE THE ADDITIONAL PROGRAMS TO BE 50  
18       PERCENT.  AND GENERALLY SPEAKING, THE ANSWER THEY COME  
19       BACK WITH TRY TO GET MORE EFFICIENCY IN THE COST OF OUR  
20       EXISTING PROGRAMS SO THAT WE FREE UP RESOURCES TO DO  
21       THE ADDITIONAL PROGRAMS, SOURCE REDUCTION PROGRAMS,  
22       ETC., AND TARGETING SPECIFIC MATERIALS THAT ARE MORE  
23       EXPENSIVE TO GET OUT OF THE WASTESTREAM.

24               AND THEN THERE'S THE SWANA REPORT THAT  
25       YOU AND I HEARD ABOUT AT THE SWANA CONFERENCE, BUT I



1       SAW A SYNOPSIS OF IT IN WHICH THEY DID A STUDY AND  
2       ANALYZED THE MOST IMPORTANT FACTOR IN THE FINANCIAL  
3       SUCCESS OF A COLLECTION PROGRAM.  THEY COMPARED MARKET  
4       COSTS -- MARKET REVENUES AND EFFICIENCY OF COLLECTION  
5       SYSTEMS AND CAME TO THE CONCLUSION THAT A MUCH MORE  
6       IMPORTANT FACTOR FOR THE OPERATOR IS EFFICIENCY OF  
7       COLLECTION SYSTEMS, THAT THAT WAS THE KEY TO THE  
8       COST-EFFECTIVENESS, NOT IN THE PRICE OF THE MATERIALS  
9       THEY ARE GETTING BACK.

10               SO WHAT THAT CREATES, I THINK, IS A  
11       CONFLICT BETWEEN THE NEEDS OF THE MARKETPLACE IN TERMS  
12       OF THE QUALITY OF MATERIALS AND THE ABILITY OF THAT  
13       MARKETPLACE TO PAY FOR THE COLLECTION INFRASTRUCTURE  
14       THAT CAN PERHAPS PROVIDE THAT QUALITY IF, IN FACT,  
15       THERE IS A PROBLEM, YOU KNOW.  AND I THINK THAT'S WHAT  
16       YOU'RE ASKING FOR, PAUL, IS THERE A PROBLEM.

17               CHAIRMAN RELIS:  YEAH.

18               MEMBER CHESBRO:  THERE MAY BE OTHER WAYS, AS  
19       WELL, IN COMMINGLED SYSTEMS TO GET THE CALL OUT.

20               CHAIRMAN RELIS:  FOR INSTANCE, ON THAT POINT,  
21       IF WE WERE FINDING -- IF THE FEEDBACK WAS THAT PEOPLE  
22       WERE THROWING GARBAGE IN, THAT WOULD BE AN AREA I THINK  
23       THE BOARD, MAYBE IN TANDEM WITH LOCAL GOVERNMENTS,  
24       COULD GET A PSA OUT AND REALLY GET AT THE -- AND ALSO  
25       IN THE ENFORCEMENT OR THE -- THE WAY THE FRANCHISE





1 PARTIES DEALS WITH THE PUBLIC IS THAT SOMETIMES YOU  
2 DON'T PICK UP CONTAINERS THAT DON'T MEET THE QUALITY --  
3 YOU HAVE TO HAVE SOME QUALITY FEEDBACK TO THE PUBLIC.

4 YOU CAN'T JUST ASSUME THAT THEY'RE  
5 GOING -- THE PUBLIC WILL SUSTAIN OVER YEARS A QUALITY  
6 STANDARD UNLESS THERE IS SOME FEEDBACK MECHANISM, AND  
7 THE HAULERS IN SOME CASES MAY BE RELUCTANT TO DO THAT.

8 MAYBE THE STATE CAN PLAY A MORE ACTIVE  
9 ROLE, A MORE VISIBLE ROLE IN SAYING WHERE MORE  
10 COMMINGLED COLLECTION PROGRAMS EXIST, GET A PSA THAT  
11 BLANKETS OR IS TARGETED TO THE COMMINGLED AREAS. IT  
12 WOULD BE SOMETHING TO THINK ABOUT, ANYWAY. I THINK  
13 THAT WOULD BE APPROPRIATE STATE ROLE IF IT INDEED'S A  
14 PROBLEM.

15 THE NEXT LEVEL, AS WESLEY POINTED OUT,  
16 THE SWANA STUDY, YOU KNOW, IT'S JUST -- THOSE NUMBERS  
17 ARE -- WERE -- WERE VERY REVEALING TO US. I MEAN, THE  
18 VALUE OF THE MATERIAL VERSUS THE COST OF COLLECTION  
19 IS -- THE VALUE OF THE SALABLE PRODUCT IS SMALL  
20 COMPARED TO THE ECONOMICS OF -- THAT YOU ACHIEVE IN THE  
21 COLLECTION, AND SO YOU CAN SEE WHY IT'S GONE THAT WAY.

22 MEMBER CHESBRO: AND ULTIMATELY THE REDUCTION  
23 AND DISPOSAL COSTS BY HAVING A COST-EFFECTIVE DIVERSION  
24 PROGRAM SO THAT IT'S CHEAPER TO RECYCLE THAN IT IS TO  
25 DISPOSE IS A BIG FACTOR FOR BOTH GOVERNMENTS.



1 WE'D LIKE -- WE HOPE THAT WE CAN GET  
2 MARKETS TO THE POINT WHERE THE REVENUE WOULD BE A  
3 BIGGER FACTOR, BUT IT'S KIND OF A CHICKEN AND EGG,  
4 THOUGH. PEOPLE FROM INDUSTRY SAY IF YOU GIVE US HIGH  
5 ENOUGH QUALITY, WE CAN PAY MORE MONEY FOR IT, WHATEVER,  
6 SO HOW DO YOU GET THAT BALANCE BETWEEN THE TWO IS A  
7 REAL SERIOUS QUESTION.

8 CHAIRMAN RELIS: ON THE SECOND ONE, ON THE  
9 PROBLEM OF THE LABELS, THAT I THINK -- THAT COULD BE A  
10 VERY BIG CONUNDRUM IF THE BOARD DOESN'T GET VISIBLE ON  
11 THAT. I MEAN, WE HAVE AN EDUCATION ROLE, CERTAINLY, TO  
12 PLAY. IF A LABEL IS CONTAMINATING A LARGE BODY OF  
13 MATERIAL TO THE POINT WHERE IT WAS NOT MARKETABLE, THAT  
14 WOULD BE OF GREAT CONCERN, I WOULD THINK, TO THE BOARD  
15 AND AN ISSUE THAT SOMEHOW WE WOULD HAVE TO ADDRESS  
16 THROUGH EDUCATION, THROUGH OTHER MEASURES IF THAT  
17 DIDN'T WORK.

18 MEMBER CHESBRO: AND YET WHEN YOU CONSIDER  
19 THAT IT INVOLVES SOMETHING AS PERVASIVE -- WHAT'S THE  
20 RIGHT WAY TO PUT IT? -- AS INPENETRABLE AS THE POSTAL  
21 SERVICE, IT'S NOT EASILY FIXED. IT'S NOT LIKE -- IT'S  
22 A TECHNOLOGICAL PROBLEM OF SUCH SCALE THAT, YOU KNOW,  
23 IT HAS TO BE A PHYSICIAN. AND OBVIOUSLY IT'S LIKE A  
24 LOT OF OTHER THINGS. THE PUBLIC LIKES IT, SO IT'S  
25 GOING TO BE PROVIDED IF THE PUBLIC LIKES IT. SO THEN



1       YOU HAVE TO FIGURE OUT HOW DO YOU PROVIDE WHAT THE  
2       PUBLIC LIKES AND ALSO SOLVE THE TECHNICAL PROBLEM.

3               MEMBER PENNINGTON:   IT'S THE WHOLE DIRECT MAIL  
4       INDUSTRY.  THEY'RE THE ONES THAT ARE USING THESE  
5       LABELS, SENDING OUT A MILLION PIECES OF DIRECT MAIL.  
6       AS I UNDERSTAND, THAT'S REALLY WHAT THE TROUBLE IS.

7               CHAIRMAN RELIS:  ISN'T IT TWO FACTORS?  IT'S  
8       NOW THE STICKUMS THAT ARE ATTACHED TO THE WHITE PIECE  
9       OF PAPER THAT MAY GET IN THE OFFICE PAPER?

10              LET'S JUST SAY THE MIXED OFFICE PAPER AND  
11       YOU HAVE THE STICKY POST-ITS ON THAT.  IS THAT WHAT --  
12       BRING WHAT WE'RE REFERRING TO HERE?

13              MR. FORAN:  POST-ITS ARE ONE FORM OF PRESSURE  
14       SENSITIVE.  IT'S MAINLY MAILING LABELS.

15              I WOULD LIKE TO SAY THERE ARE SOME  
16       MEASURES, THIS IS REALLY LIKE A WASTE PREVENTION ISSUE.  
17       THERE'S -- CERTAINLY WE CAN'T SOLVE THE ENTIRE PROBLEM.  
18       IT DOES HAVE TO BE ADDRESSED AT A TECHNOLOGICAL LEVEL,  
19       BUT THERE ARE MEASURES THAT WE CAN TAKE TO EDUCATE  
20       USERS OF ALTERNATIVES TO PRESSURE SENSITIVE LABELS SUCH  
21       AS PRINTING DIRECTLY ON ENVELOPES, WHICH COULD HAVE A  
22       RELATIVELY SIGNIFICANT IMPACT IN THE REDUCTION OF THESE  
23       LABELS.

24              THERE'S CERTAINLY NO WAY THAT WE'RE GOING  
25       TO DO AWAY WITH THEM, AND WE'RE NOT -- I DON'T THINK



1        THAT WE WOULD EVER PROPOSE TO DO THAT, BUT TO REDUCE  
2        THEM WHERE POSSIBLE.  IT'S -- THEY'RE BUILDING BLOCKS  
3        THAT WE DO TO WORK TOWARDS REDUCING A PROBLEM, AND I  
4        THINK THERE ARE SOME THINGS THAT WE COULD DO THROUGH A  
5        CAMPAIGN.

6                CHAIRMAN RELIS:  WHAT ARE THE CHANCES OF  
7        GETTING AT THE HEART OF WHAT THE POSTAL SERVICE IS  
8        REALLY DOING TECHNOLOGICALLY?  I MEAN, YOU SOUNDED  
9        SKEPTICAL ABOUT -- AS TO THEIR CLAIM.

10               CAN WE FIND OUT MORE WHETHER THAT IS  
11        REALLY IN THE NEAR TERM?

12               MR. FORAN:  WELL, IT'S INTERESTING THAT YOU  
13        ASK ME THAT BECAUSE THE WESTERN U.S ENVIRONMENTAL  
14        COORDINATOR FOR THE POSTAL SERVICE HAS BEEN TRYING TO  
15        SET UP A TELECONFERENCE WITH MYSELF AND THEIR TECHNICAL  
16        PERSON ON THE EAST COAST WHO'S IN CHARGE OF THE  
17        DEVELOPMENT OF THE IMPLEMENTATION OF THAT ADHESIVE, AND  
18        SO I WILL MOVE ON THAT TO GET THAT TELECONFERENCE TO  
19        TAKE PLACE.

20               MEMBER PENNINGTON:  IT SOUNDS LIKE IT'S ABOUT  
21        THE SAME LEVEL AS PYROLYSIS AND TIRES.  EVERYBODY'S GOT  
22        'EM, BUT NOT ANY OF THEM ARE WORKING.

23               MEMBER CHESBRO:  IS PYROLYSIS PARALYSIS?

24               CHAIRMAN RELIS:  ANY FURTHER COMMENTS?  OKAY.

25               MR. FORAN:  IN THE SECOND SESSION WHERE WE





1       REVIEWED THE CALCULATION METHOD FOR THE POSTCONSUMER  
2       PAPER RECOVERY RATE, THE MAIN ISSUES RAISED WERE THAT  
3       THE METHOD IS TOO COMPLEX FOR THE LAY PERSON TO  
4       UNDERSTAND; WE RELY ON TOO MUCH EXTRAPOLATION OF OLD  
5       DATA OR ADJUSTMENT OF CURRENT DATA, WHICH RAISES  
6       QUESTIONS OF ACCURACY IN THE METHOD, AND LIKEWISE THE  
7       RELIANCE ON ADJUSTMENT FACTORS WHICH WERE DEVELOPED  
8       YEARS AGO OR THROUGH INFORMAL MEANS ALSO RAISES  
9       QUESTIONS OF ACCURACY.

10               THE PARTICIPANTS RECOMMENDED TWO WAYS TO  
11       ADDRESS THE PROBLEMS WHICH THEY IDENTIFIED. THE FIRST  
12       WAS THAT THE BOARDS SIMPLY TRY TO SIMPLIFY THE METHOD.  
13       THAT WOULD BE ALSO A VERY SIMPLE SUGGESTION.

14               IT'S NOT QUITE SO EASY TO DO SINCE THE  
15       METHOD WAS DEVELOPED THROUGH A VERY LONG PROCESS WITH A  
16       LOT OF INPUT. AND WE'VE TRIED TO TAKE INTO  
17       CONSIDERATION A LOT OF FACTORS TO GET IT AS ACCURATE AS  
18       POSSIBLE.

19               THE BOARD SHOULD TRY TO RELY ON CURRENT  
20       DATA ONLY AND THE BOARD SHOULD TRY TO UPDATE VARIOUS  
21       ADJUSTMENT FACTORS USED IN THE METHOD.

22               THERE CERTAINLY ARE SOME WAYS THAT WE  
23       CAN -- THAT WE CAN ACCOMPLISH WHAT -- WHAT'S  
24       RECOMMENDED BY THE PARTICIPANTS. IT WOULD CERTAINLY  
25       INVOLVE MORE STAFF WORK. AND NEXT MONTH WHEN I COME



1 BACK TO RECOMMEND ACTIONS BASED ON THESE FORUMS, I WILL  
2 REVIEW SOME OF THESE RECOMMENDATIONS AND PROVIDE YOU  
3 WITH MORE DETAIL AND JUST WHAT WOULD IT WOULD TAKE TO  
4 IMPROVE THE METHOD BASED ON THESE RECOMMENDATIONS.

5 THE THIRD SESSION ADDRESSED HOW THE BOARD  
6 CAN REDUCE THE AMOUNT OF PAPER, POSTCONSUMER PAPER  
7 GENERATED IN THE STATE. THE MAIN ISSUES RAISED AT THIS  
8 SESSION WERE THAT A GREAT DEAL OF PAPER PACKAGING IS  
9 DISPOSED BECAUSE OF LACK OF DESIGN FOR ITS REUSE AND/OR  
10 RECYCLABILITY.

11 AN EXAMPLE IS WAX CORRUGATED CARTONS USED  
12 FOR PRODUCE. THAT WAX IN THE CARTONS RENDERS THE  
13 CARDBOARD UNRECYCLABLE, AND DEVELOPMENT OF RECYCLABLE  
14 WAX COATING WOULD CERTAINLY GET THOSE BOXES OUT OF THE  
15 WASTESTREAM AND INTO THE RECYCLING STREAM.

16 LIKEWISE, THEY PROVIDED US AN EXAMPLE --  
17 I'M SORRY.

18 INEFFICIENT PACKAGING DESIGN OFTEN  
19 CONTRIBUTES TO UNNECESSARY GENERATION OF THAT  
20 PACKAGING. AN EXAMPLE THERE WAS WHERE A MAIL ORDER  
21 COMPANY RECEIVES PRODUCTS FROM THEIR SUPPLIERS IN A BOX  
22 WHICH HAS TO BE UNPACKED AND THEN REPACKED TO SEND OUT.  
23 THAT'S INEFFICIENT PACKAGING DESIGN; BUT IF IT CAN BE  
24 REPACKAGED BY THE SUPPLIER SO THAT IT CAN SIMPLY BE  
25 RECEIVED BY THE MAIL ORDER COMPANY AND SHIPPED DIRECTLY



1       OUT, SUCH AS JC PENNEY HAS DONE, WHICH WAS THE EXAMPLE  
2       PROVIDED AT THE FORUM, THEN THAT COULD REDUCE THE  
3       AMOUNT OF PACKAGING NEEDED IN THE FIRST PLACE.

4                       AND THEN THE THIRD ISSUE WAS THE  
5       INEFFICIENT BUSINESS INFORMATION DISTRIBUTION SYSTEMS  
6       OFTEN CONTRIBUTE TO UNNECESSARY GENERATION OF BUSINESS  
7       PAPERS.  AND WHAT WE'RE TALKING ABOUT IN INFORMATION  
8       DISTRIBUTION SYSTEMS ARE THINGS SUCH AS DISTRIBUTION OF  
9       MEMOS WITHIN A BUSINESS.  THAT WOULD BE AN  
10      INEFFICIENT -- THAT IS HARD COPY MEMOS.  THAT WOULD BE  
11      AN INEFFICIENT MEANS OF DISTRIBUTION INFORMATION VERSUS  
12      E-MAIL.

13                      SO OUR BUSINESS OUTREACH PROGRAM,  
14      BUSINESS ASSISTANCE SECTION WITHIN OUR DIVISION IS  
15      ALREADY WORKING ON THESE ISSUES, AND SO WE ARE AWARE OF  
16      THAT.

17                      THE RECOMMENDATIONS ON HOW TO ADDRESS  
18      THESE PROBLEMS FOLLOWED RIGHT IN LINE WITH THE ISSUES.  
19      FIRST, THAT THE BOARD SHOULD PROVIDE FUNDS FOR RESEARCH  
20      AND DEVELOPMENT OF RECYCLABLE AND REUSABLE PACKAGING  
21      DESIGN.  THE BOARD SHOULD ENCOURAGE BUSINESSES TO  
22      SPECIFY INCOMING PACKAGING SO AS TO MINIMIZE THE  
23      GENERATION OF THAT PACKAGING; AND THIRD, THE BOARD  
24      SHOULD PROMOTE MORE EFFICIENT MANAGEMENT OF BUSINESS  
25      INFORMATION DISTRIBUTION SYSTEMS.



1 I'D BE GLAD TO TAKE ANY QUESTIONS NOW ON  
2 ANYTHING THAT TOOK PLACE IN THE FORUM. AND AGAIN, I  
3 WANT TO REITERATE THAT WE DO -- AND CAREN CAN CONCUR  
4 WITH THIS OR NOT -- THAT WE PLAN TO COME BACK NEXT  
5 MONTH WITH MORE DETAILS ON ANY RECOMMENDED ACTIONS  
6 WHICH STAFF BELIEVES -- STAFF WOULD LIKE TO PROPOSE TO  
7 THE BOARD.

8 CHAIRMAN RELIS: OKAY. WELL, THIS IS A  
9 DISCUSSION ITEM TODAY. WE'RE NOT TAKING FORMAL ACTION,  
10 BUT I ASSUME YOU WANT SOME DIRECTION OR --

11 MS. TRGOVCICH: WE WOULD CERTAINLY APPRECIATE  
12 ANY DIRECTION YOU MIGHT WANT TO GIVE US. WE WANTED TO  
13 AVOID ANY FURTHER DELAY OF GETTING THIS INFORMATION TO  
14 YOU, SO TODAY'S PRESENTATION IS MORE WHAT EXACTLY CAME  
15 OUT OF THE FORUM, AND NEXT MONTH OR THE MONTH AFTER WE  
16 WILL BE COMING BACK AND PROVIDING THE COMMITTEE MEMBERS  
17 WITH AN OPPORTUNITY TO TALK ABOUT WHAT OF THOSE  
18 RECOMMENDATIONS OR OTHER RECOMMENDATIONS THAT YOU MAY  
19 HEAR OF -- OF FROM OTHER PARTICIPANTS OR OTHER  
20 INTERESTED PARTIES WOULD YOU LIKE TO SEE US FURTHER  
21 CONSIDER.

22 CHAIRMAN RELIS: OKAY. WE HAVE TWO PARTIES  
23 WHO WISH TO ADDRESS THE COMMITTEE, SO I'LL CALL ON YOU.  
24 EVAN EDGAR FIRST REPRESENTING CRRC.

25 MR. EDGAR: CHAIRMAN AND BOARD MEMBERS, MY





1 NAME IS EVAN EDGAR OF EDGAR & ASSOCIATES REPRESENTING  
2 CALIFORNIA REFUSE REMOVAL COUNCIL WITH OVER ONE HUNDRED  
3 CURBSIDE COLLECTORS STATEWIDE COLLECTING COMMINGLED AND  
4 SOURCE-SEPARATE RECYCLING.

5 I HAVE THREE POINTS TO MAKE. IN OUR  
6 SESSION WITH RESPECT TO THE FRANCHISE HAULER AND THE  
7 FRANCHISE HAULER'S POINT OF VIEW, AND I THANK CAREN T.  
8 AND THE BOARD MEMBERS FOR THEIR CLARIFYING COMMENTS  
9 ABOUT THE FRANCHISE ISSUE, BUT I NEED TO COMMENT,  
10 ANYWAY BECAUSE KELLY ASTOR'S NOT HERE. SO ON HIS  
11 BEHALF, I'M HERE, AS WELL.

12 MY FIRST POINT IS AS TO THE TREND WORD  
13 COMMINGLED. BECAUSE THE FACT THAT IT IS MORE COST-  
14 EFFECTIVE, AND I HAVE A SAYING THAT IT'S MORE VOLUME,  
15 LESS COST; TAKES GREAT, LESS QUALITY, WHICH IS -- WHICH  
16 IS THE CASE.

17 CHAIRMAN RELIS: IS THAT AN EDGAR SAYING NOW?

18 MR. EDGAR: SO THAT IS SOMETHING THAT IS  
19 HAPPENING IN THE MARKETPLACE. WE ARE GETTING AWAY FROM  
20 THE SOURCE THAT WE'VE BEEN TOWARDS THE COMMINGLED  
21 RECYCLABLES TO GET MORE VOLUME AT A MORE COST-EFFECTIVE  
22 RATE, AND IT IS A STRONG TREND IN THAT DIRECTION.

23 I THINK SOME OF THE PROBLEMS OUT THERE IS  
24 SOME OF OUR MSW MRF'S, COMMONLY KNOWN AS DIRTY MRF'S,  
25 DO HAVE A LOWER QUALITY, THAT TYPE OF COMMINGLING WITH



1 THE DIRTY MRF'S DO HAVE A PROBLEM WHERE I THINK A LOT  
2 OF PROBLEMS ARE HAPPENING WITH E COLI AND OTHER  
3 REFERENCES OUT OF HERE.

4 BUT I'M NOT A MARKETER OF PAPER, SO I  
5 THINK THE PHONE CALL TO SOME OF OUR MARKETERS WOULD BE  
6 VERY HELPFUL TO GET SOME MORE INFORMATION ON THAT.  
7 THAT'S --

8 CHAIRMAN RELIS: ARE YOU OFFERING TO HELP US  
9 IN THAT REGARD IF WE WERE TO DO THAT?

10 MR. EDGAR: I HAVE SOME GOOD NAMES OUT THERE  
11 THAT I COULD REFER BRIAN TO THAT HAVE BEEN MARKETING  
12 PAPER FOR A LONG TIME.

13 ISSUE NUMBER TWO IS UNDER OTHER  
14 SIGNIFICANT ISSUES. IT ALLUDES TO THE FACT UNDER THE  
15 FIRST BULLET LAST -- LAST SENTENCE THAT -- YOU MIGHT  
16 WANT TO QUOTE THIS.

17 THE COURT'S DECISION PREVENTS MOST PAPER  
18 COLLECTION COMPANIES FROM PROVIDING SERVICES TO SUCH  
19 BUSINESS IN AREAS FOR SOLID WASTE COLLECTION FRANCHISES  
20 RESULTING IN A CONSIDERABLE AMOUNT OF PAPER BEING SENT  
21 TO THE LANDFILL THAT COULD OTHERWISE BE DIVERTED FOR  
22 RECYCLING.

23 THAT ALLUDES TO A MISPERCEPTION THAT THE  
24 SOLID WASTE INDUSTRY IS NOT DOING OUR JOB. WE'RE DOING  
25 OUR JOB. WE'RE COLLECTING THIS PAPER.



1 I THINK WHAT THIS IS ALLUDING TO IS THAT  
2 THEY'RE LIKELY TO COME IN AND GET ALL THE HIGH QUALITY  
3 PAPER WITHIN THESE ARENAS IN ORDER TO GET THE CREAM OF  
4 THE CROP AND NOT DEAL WITH THE LOW END STUFF THAT WE  
5 HAVE TO DEAL WITH EVERY DAY.

6 SO I THINK THAT OTHER SIGNIFICANT ISSUE  
7 IS NOT THAT SIGNIFICANT, AND I THINK IT LEADS TO  
8 ANOTHER MISPERCEPTION ABOUT THE SOLID WASTE INDUSTRY,  
9 WHICH I WISH TO CLARIFY.

10 CHAIRMAN RELIS: WITHOUT COMMENTING OR CASTING  
11 ASPERSIONS, DO YOU HAVE ANY EVIDENCE THAT WOULD SUPPORT  
12 YOUR CLAIM?

13 MR. EDGAR: NOT IN FRONT OF ME TODAY, BUT WITH  
14 ALL THE MARKETERS OUT THERE, I BELIEVE WE CAN GET THAT  
15 TO YOU.

16 CHAIRMAN RELIS: IT WOULD BE HELPFUL.

17 MR. EDGAR: THE THIRD POINT ON BEHALF OF KELLY  
18 ASTOR, THE SECOND POINT THERE IS -- HE WOULD HAVE TO DO  
19 THIS -- IS ABOUT THE WHOLE FRANCHISE ISSUE ON THE  
20 SECOND BULLET ABOUT RANCHO MIRAGE. AND THE SUPREME  
21 COURT HAS ALREADY MADE THEIR DECISION.

22 I'M SURE THE PARTICIPANTS WOULD LIKE TO  
23 GO INTO THE FRANCHISE AREAS. I REALIZE THERE'S OTHER  
24 CASES PENDING WHICH IS GOING TO ADD SOME MORE  
25 CLARIFICATION TO THAT, BUT UNDER CURRENT SUPREME COURT



1 DECISIONS, IT'S STATED WHAT IS OUT THERE.

2 I THINK THE BOARD SHOULD TAKE A ROLE IN  
3 THAT. HISTORICALLY THIS BOARD HAS TAKEN A NEUTRAL  
4 POSITION ON FRANCHISE ISSUES AS IT SHOULD.

5 THESE AGREEMENTS ARE NEGOTIATED LOCALLY,  
6 AND THE BOARD SHOULD NOT HAVE A ROLE IN SUPPORTING THE  
7 RIGHT OF PAPER COLLECTORS WHO DON'T HAVE FRANCHISE  
8 AREAS.

9 THANK YOU FOR YOUR TIME TODAY, AND I'LL  
10 BE AROUND FOR ANY QUESTIONS.

11 CHAIRMAN RELIS: ANY QUESTIONS?

12 I'M GOING TO CALL ON RICK BEST FOR  
13 CALIFORNIANS AGAINST WASTE.

14 MR. BEST: THANK YOU, MR. CHAIRMAN AND  
15 COMMITTEE MEMBERS. AND BEFORE I START, I DO WANT TO  
16 EXPRESS OUR SINCERE APPRECIATION TO ALL OF YOUR EFFORTS  
17 DIRECTING THE MARKET DEVELOPMENT COMMITTEE. WE'VE  
18 APPRECIATED WORKING WITH YOU, AND I HOPE THE PERSON  
19 THAT FILLS YOUR SHOES CAN DO HALF THE JOB THAT YOU'VE  
20 DONE. SO I APPRECIATE THE WORK THAT YOU'VE DONE.

21 CHAIRMAN RELIS: THANK YOU VERY MUCH.

22 MR. BEST: TO BEGIN WITH, I WANTED TO COMMENT  
23 ON SOME OF THE ISSUES THAT WERE RAISED IN THE STAFF  
24 ANALYSIS.

25 WE PARTICIPATED IN THE -- THE FORUM THAT





1 WAS FOCUSED ON THE CALCULATION ISSUES, BUT I DO WANT TO  
2 COMMENT ON SOME OF THE OTHER ISSUES THAT WERE RAISED.

3 THE FIRST REGARDS TO INCREASING  
4 UTILIZATION. I CERTAINLY UNDERSTAND AND APPRECIATE  
5 THE -- THE EFFORTS THAT LOCAL GOVERNMENTS HAVE DONE TO  
6 TRY AND INCREASE COLLECTION AND THAT SORT OF THING, BUT  
7 I THINK IT IS ALSO IMPORTANT THAT WE RECOGNIZE THE  
8 IMPORTANCE OF QUALITY AND THE FACT THAT WE ARE  
9 ESTABLISHING AN INFRASTRUCTURE THAT'S GOING TO TAKE US  
10 INTO THE FUTURE. AND SO I THINK IT'S IMPORTANT FOR US  
11 THROUGHOUT THESE DISCUSSIONS TO MAKE SURE THAT WE'RE  
12 BALANCING THE NEEDS OF INCREASING AND MAXIMIZING  
13 RECOVERY, BUT ALSO PROVIDING QUALITY OF MATERIALS.

14 SO TO THAT EXTENT, I THINK IT IS  
15 IMPORTANT FOR THE BOARD TO CONTINUE TO LOOK AT THIS  
16 ISSUE. I DON'T THINK THE BOARD'S READY TO TAKE AN  
17 ADVOCACY POSITION ONE WAY OR THE OTHER, BUT I THINK IT  
18 IS AN AREA WHERE THE BOARD SHOULD LOOK AT. AND AS YOU  
19 SUGGESTED, TALKING TO SOME OF THE MRF OPERATORS, SEEING  
20 WHAT'S GOING ON OUT THERE.

21 I MEAN, I THINK ONE THING THAT MIGHT BE  
22 USEFUL IS TO MAYBE LOOK AT THE DIFFERENT TYPES OF  
23 COLLECTION PROGRAMS, BE IT SOURCE-SEPARATED THREE BIN  
24 VERSUS, YOU KNOW, COMMINGLED COLLECTION AND MAYBE WHAT  
25 ARE THE KIND OF QUALITY THAT COMES OUT OF THOSE



1 DIFFERENT TYPES OF PROGRAMS, WHAT KIND OF GRADES ARE  
2 THEY GETTING IN TERMS OF PAPER, THAT SORT OF THING,  
3 JUST SO THAT THERE'S SOME INFORMATION OUT THERE SO WE  
4 KNOW WHAT'S GOING ON AND HOW DOES THE METHOD OF  
5 COLLECTION IMPACT THE QUALITY OF MATERIAL THAT'S  
6 MARKETING.

7 SO I THINK THERE IS SOME AREA FOR THE  
8 BOARD TO LOOK AT THOSE ISSUES.

9 I -- I WILL SAY WE -- I THINK THE TREND  
10 FROM SOURCE SEPARATED TO COMINGLED IS A LITTLE  
11 WORRISOME, TOO, BUT I THINK WE ACTUALLY HEARD FROM A  
12 COUPLE OF JURISDICTIONS THAT WERE ACTUALLY PROPOSING TO  
13 GET RID OF THEIR CURBSIDE PROGRAMS IN FAVOR OF GOING TO  
14 MIXED WASTE PROCESSING. I THINK THAT WOULD BE A FAR  
15 MORE DANGEROUS AVENUE TO GO, BUT I THINK THAT WOULD  
16 HAVE A MUCH MORE SIGNIFICANT IMPACT ON QUALITY, SO I  
17 THINK IT'S IMPORTANT FOR US TO BE FOCUSED ON THAT  
18 ISSUE.

19 WITH REGARDS TO THE PRESSURE SENSITIVE  
20 LABELS, WE ACTUALLY PUT SOMETHING IN OUR NEWSLETTER  
21 THIS PAST MONTH AND I THINK -- I THINK IT'S SOMETHING  
22 THAT THE BOARD SHOULD CONTINUE TO EDUCATE PEOPLE. I  
23 DON'T KNOW IN THAT THE BOARD IS GOING TO BE ABLE TO  
24 DICTATE THE DEVELOPMENT OF THESE ALTERNATIVES, BUT I  
25 THINK IT IS A ROLE FOR THE BOARD TO EDUCATE THE PUBLIC



1 ABOUT THEM BECAUSE, FRANKLY, UNTIL ABOUT TWO MONTHS  
2 AGO, I DIDN'T EVEN KNOW IT WAS A PROBLEM. AND SO I  
3 THINK -- I THINK, YOU KNOW, WE'RE MORE -- I'M MORE  
4 EDUCATED THAN THE AVERAGE PERSON ABOUT RECYCLING  
5 ISSUES, USING THEIR RECYCLING PROGRAM. THEY DON'T KNOW  
6 THAT THAT'S AN IMPORTANT ISSUE, SO I THINK THERE'S AN  
7 EDUCATIONAL, AND PROVIDING THAT INFORMATION TO LOCAL  
8 GOVERNMENTS SO THAT THEY CAN EDUCATE. THE BOARD  
9 DIRECTLY TO THE PUBLIC, I THINK, IS AN APPROPRIATE  
10 ROLE.

11 AND THEN THE LAST ISSUE THAT WAS RAISED  
12 WAS WITH REGARD TO FRANCHISE ISSUES. THAT'S AN ISSUE  
13 THAT WE, ALONG WITH THE MANUFACTURERS AND INDEPENDENT  
14 RECYCLERS, HAVE CONTINUALLY SAID IS AN IMPORTANT ONE.

15 I DON'T KNOW THAT THE BOARD AT THIS POINT  
16 IS GOING TO TAKE A ROLE, I DON'T EXPECT THEM TO, BUT I  
17 THINK IT'S AN IMPORTANT RECOGNITION THAT THE ABILITY TO  
18 COLLECT MATERIALS IN A COMPETITIVE ENVIRONMENT IS VERY  
19 IMPORTANT TO MAXIMIZE ANY RECOVERY.

20 I WANTED TO ALSO TALK ABOUT THE  
21 CALCULATION ISSUES, AND I THINK THE THREE  
22 RECOMMENDATIONS THAT WERE RAISED, SIMPLIFYING THE  
23 COLLECTION -- THE CALCULATION, TRYING TO USE MORE  
24 CURRENT DATA, AND UPDATING THE FACTORS, I THINK ALL  
25 THOSE ARE THINGS THAT I DON'T HAVE A PROBLEM WITH. BUT



1 I WANT -- I WANT TO EMPHASIZE THAT THERE WAS A LOT OF  
2 WORK THAT WE PARTICIPATED IN THE DEVELOPMENT OF THE  
3 CALCULATION, AND I DON'T WANT TO SEE AT ALL THE BOARD  
4 TO CONSIDER THROWING OUT THE CALCULATION. I THINK  
5 THERE WAS A LOT OF WORK THAT WAS INVOLVED.

6 I THINK THAT THE CALCULATION HAS WORKED,  
7 AND I THINK IT'S REALLY IMPORTANT FOR THE BOARD TO HAVE  
8 A CONSISTENT METHOD OF CALCULATION FROM YEAR TO YEAR.  
9 IF YOU CHANGE CERTAIN FACTORS ONE YEAR TO THE NEXT, IT  
10 MAKES IT MUCH MORE DIFFICULT TO HAVE A CONSISTENT  
11 FRAMEWORK TO LOOK AT IN TERMS OF HOW -- HOW ARE THE  
12 TRENDS GOING.

13 I THINK THE MOST IMPORTANT VALUE OF THE  
14 BOARD'S POLICY IS PROVIDING A FRAMEWORK FOR THE BOARD  
15 TO BE LOOKING AT. HOW ARE WE DOING IN OUR PROGRESS OF  
16 DEVELOPING CAPACITY FOR RECOVERED PAPER, AND HAVING  
17 THAT YEAR TO YEAR CONSISTENT CALCULATION, I THINK, IS  
18 VERY IMPORTANT. AND I WOULD HATE TO SEE IT MAKE A  
19 SIGNIFICANT CHANGE THAT WOULD TAKE AWAY THAT VALUE.

20 I THINK IT'S ALSO VERY IMPORTANT, ONE OF  
21 THE THINGS THAT WAS RAISED BY MANY OF THOSE IN THE  
22 FORUM WAS THAT THE BIG DIFFERENCE BETWEEN THE  
23 INDUSTRY'S CALCULATIONS AND THE WASTE BOARD'S  
24 CALCULATION HAS BEEN THE POSTCONSUMER ISSUE, AND THE  
25 BOARD THANKFULLY HAS BEEN VERY CLEAR THAT THE BOARD'S





1       ROLE IS MAXIMIZING THE RECOVERY OF POSTCONSUMER PAPER.  
2       AND I THINK IT'S VERY IMPORTANT THAT THE CALCULATION  
3       REFLECT THAT FOCUS ON POSTCONSUMER RECOVERED PAPER, SO  
4       I WANT TO MAKE SURE THAT THE BOARD MAINTAINS THAT IN  
5       ITS CALCULATION.

6                       AND SO THOSE ARE MY COMMENTS WITH REGARDS  
7       TO THE ISSUES THAT WERE RAISED.

8                       I THINK IN TERMS OF NEXT STEPS, I THINK A  
9       LOT OF THE NEXT STEPS THAT -- THAT BRIAN FORAN SPOKE OF  
10      I THINK ARE THINGS TO CONSIDER. I THINK TWO OTHER  
11      THINGS TO LOOK AT IS MAYBE A LITTLE BIT MORE RESEARCH  
12      WITH REGARDS TO WHAT ARE THE TRENDS IN DEVELOPING  
13      CAPACITY FOR RECOVERED PAPER, WHAT ARE THE TRENDS OF --  
14      OF RECYCLED CAPACITY VERSUS VIRGIN CAPACITY.

15                      I THINK IN PAPER WE'VE ACTUALLY SEEN A  
16      LOT OF INCREASE IN RECOVERY PAPER CAPACITY, AND  
17      PLASTICS, ON THE OTHER HAND, WE'RE ACTUALLY SEEING A  
18      TREMENDOUS INCREASE IN VIRGIN CAPACITY FAR OUTWEIGHING  
19      THE RECYCLED CAPACITY.

20                      SO I THINK LOOKING AT THOSE ISSUES WOULD  
21      BE HELPFUL, AND FRANKLY I THINK THE OTHER THING IS  
22      LOOKING AT WHAT ARE OTHER POLICY OPTIONS THAT CAN BE  
23      INVOKED THAT MAY NOT BE WITHIN THE WASTE BOARD'S  
24      PURVIEW; I.E., THE BOARD MANY YEARS AGO LOOKED AT  
25      MINIMUM CONTENT, THOSE KINDS OF ISSUES.



1                   WHEN THE BOARD ADOPTED ITS POLICY BACK IN  
2     1993, THEY SAID THAT IF INDEED WE FAILED TO MEET THE  
3     GOALS THAT ARE ESTABLISHED, THAT THE BOARD WILL LOOK AT  
4     THESE ISSUES. I THINK WE'VE HAD THREE OR FOUR YEARS  
5     NOW WHERE WE'VE FAILED TO MEET THOSE GOALS. IN FACT,  
6     IN THE LAST YEAR, WE'VE ACTUALLY SEEN THE RATE GO DOWN.  
7     I THINK IT'S TIME TO AT LEAST START EXPLORING WHAT ARE  
8     THE POLICY OPTIONS OUT THERE THAT THE BOARD MAY NOT BE  
9     ABLE TO TAKE IT -- ITSELF, BUT MAY WANT TO ASSIST IN  
10    LOOKING AT OTHER POLICY OPTIONS THAT COULD BE DONE  
11    LEGISLATIVELY OR THE LIKE.

12                   AND WITH THAT, I LOOK FORWARD TO SEEING  
13    WHAT COMES BEFORE THE BOARD NEXT MONTH IN TERMS OF  
14    POLICY OPTIONS TO PURSUE.

15                   CHAIRMAN RELIS: THANK YOU VERY MUCH.

16                   ANY COMMENTS, QUESTIONS FOR MR. BEST?  
17    THANKS.

18                   WE HAVE NO OTHER SPEAKER FORMS BEFORE US,  
19    SO I'LL ASSUME THERE'S NO OTHER PARTY OUT THERE THAT  
20    WISHES TO COMMENT AT THIS TIME.

21                   LET'S TALK, THEN, ABOUT DIRECTION TO  
22    STAFF FOR NEXT MONTH.

23                   ANYONE WANT TO LEAD OFF? THEN I'LL JUST  
24    SAY I THINK, BRIAN, YOU'VE DONE A GOOD JOB OF  
25    HIGHLIGHTING THE POINTS.



1                   I -- I DO THINK -- I DON'T THINK YOU  
2       WOULD BE ABLE TO DO IT BETWEEN NOW AND CERTAINLY NEXT  
3       MONTH, BUT I WOULD PUT HIGH ON THE LIST TRENDS IN -- IN  
4       THE COLLECTION PROCESSING APPROACHES AND HOW THOSE ARE  
5       TRANSLATING INTO QUALITY STANDARDS FROM REAL FIELD  
6       COMMENT AS OPPOSED TO -- I MEAN, GET ON THE PHONE, GET  
7       UP, DEVELOP THE SYSTEM FOR TALKING DIRECTLY TO THE  
8       MARKETING PEOPLE WHO -- WHO KNOW WHO THEY'RE SELLING  
9       TO, AND WHAT, IF ANY, ISSUES ARE -- ARE COMING UP,  
10      FOLLOWING UP ON THE LABEL WITH THE POSTAL SERVICE.

11                   MAYBE YOU'LL BE ABLE TO GET BACK TO US BY  
12      NEXT MONTH ON THAT ONE.

13                   THE BROADER SET OF POLICY OPTIONS, I  
14      THINK THAT'S GOING TO TAKE -- I THINK THIS IS GOING TO  
15      BE ANOTHER, ONCE AGAIN, AN ITERATIVE PROCESS. THIS IS  
16      A REAL COMPLEX AREA. PAPER UTILIZATION IS NOT  
17      SOMETHING THAT JUST RESPONDS TO -- IT'S A WORLDWIDE  
18      MARKET.

19                   NOW WE'RE SEEING -- I DON'T KNOW IF WE'RE  
20      GOING TO BE FURTHER FALLING OFF IN ASIA BECAUSE OF THE  
21      SERIOUS ECONOMIC PROBLEMS IN ASIA. WE MIGHT SEE A REAL  
22      LAPSE IN DEMAND FROM THAT AREA THAT MIGHT SET US BACK  
23      FURTHER.

24                   I THINK IT WOULD ALSO BE HELPFUL TO GET  
25      TOGETHER WITH AFPA AND FIND OUT HOW THE INVESTMENT



1 PICTURE IS GOING. SOME YEARS AGO THE -- THERE WAS A  
2 TARGET OF TEN BILLION IN INVESTMENT IN RECYCLED  
3 CAPACITY, AND THAT SEEMED TO BE ON TRACK. I'M NOT SURE  
4 WHERE THAT STANDS TODAY, SO IT MIGHT BE WORTHWHILE  
5 HAVING A DISCUSSION WITH AFPA ON -- ON HOW THEIR  
6 ESTIMATES ARE TRACKING, AND JUST TO -- TO GIVE THE  
7 BOARD AN UPDATE ON DID THE MILLS PLAY OUT AS PLANNED?  
8 IS THE INVESTMENT STRUCTURE GOING -- NOW THAT'S A  
9 NATIONAL INVESTMENT SITUATION. THAT DOESN'T  
10 NECESSARILY AFFECT CALIFORNIA.

11 AND THEN YOU'VE GOT THE PROBABLY RELATED  
12 QUESTION OF WHAT ARE THE STATES WHO COMPETE FOR OUR  
13 MARKET DOING BY WAY OF COLLECTION. ARE THEY DOING  
14 DIFFERENT COLLECTION SYSTEMS THAT WOULD PUT US AT A  
15 DISADVANTAGE, OR ARE THEY COMING TO THE SAME  
16 CONCLUSIONS ABOUT HOW TO COLLECT MATERIALS BECAUSE I  
17 THINK WE NEED TO DO THAT? BECAUSE THAT'S A MARKET  
18 ACCESS MATTER.

19 ANY OTHER COMMENTS?

20 MEMBER CHESBRO: THEY'RE ALL REALLY GOOD  
21 POINTS.

22 CHAIRMAN RELIS: IF THERE ARE NO OTHER --

23 MS. TRGOVCICH: THE ONLY THING THAT I WOULD  
24 LIKE TO POINT OUT IS THE ITEM, IF WE ARE COMING BACK  
25 NEXT MONTH, THE WRITTEN ITEM ITSELF WILL BE DUE IN





1       APPROXIMATELY ANOTHER WEEK AND A HALF, SO DEPENDING  
2       UPON THE TIMING, IT IS LIKELY THAT SIGNIFICANT  
3       INFORMATION WILL BE PRESENTED ORALLY AT THE TIME OF THE  
4       COMMITTEE MEETING.

5               CHAIRMAN RELIS:   OKAY.   THAT'S UNDERSTOOD.

6               SO THAT COMPLETES OUR DISCUSSION; IT  
7       COMPLETES OUR AGENDA FOR TODAY.

8               MR. FORAN:   I WOULD LIKE TO ADD ONE MORE  
9       THING.   PAUL, IT'S BEEN A PLEASURE WORKING WITH YOU ALL  
10      THESE YEARS.

11              CHAIRMAN RELIS:   THANKS, BRIAN.

12              MR. FORAN:   I WOULD LIKE TO SHARE THE  
13      ACCOLADES OF YOUR PEERS AND STAFF HERE ON THE GREAT JOB  
14      THAT YOU'VE DONE.   IT'S BEEN A PLEASURE REPORTING TO  
15      YOU.

16              CHAIRMAN RELIS:   BRIAN AND I HAVE HAD MANY  
17      ESOTERIC DISCUSSIONS OF MARKET TRENDS THAT WE COULDN'T  
18      POSSIBLY WANT TO BORE YOU WITH, BUT WE'VE ENJOYED THEM.

19              THANKS, BRIAN.   YOU'VE DONE A GREAT JOB  
20      ALL THE WAY THROUGH.   YOU'RE OUR MARKET EXPERT AND HAVE  
21      DEVELOPED INCREDIBLE EXPERTISE, ACTUALLY, OVER, WHAT,  
22      SEVEN, EIGHT YEARS NOW?

23              MR. FORAN:   TEN.

24              CHAIRMAN RELIS:   OH, MY GOD.   A LONG-TERMER.

25              OKAY.   LET'S SEE.   EVAN EDGAR ASKED TO



1 MAKE A GENERAL COMMENT NOT ON THIS ITEM, BUT IN THE  
2 DISCUSSION, SO I'LL CALL ON HIM AT THIS POINT.

3 MR. EDGAR: UNDER OPEN DISCUSSION, I WAS GOING  
4 TO TALK ABOUT THE STATE OF THE COMPOST INDUSTRY, BUT  
5 THE STATE HAS BEEN SHAKEN. THE COMPOST INDUSTRY IS  
6 SPEECHLESS RIGHT NOW, BUT AS A LOBBYIST, I CAN'T BE  
7 SPEECHLESS.

8 I HAVE TO TALK ABOUT WHAT WE HAVE OUT  
9 THERE, BUT WITH YOUR DEPARTURE AT THE WASTE BOARD, THE  
10 ORGANIC BOARD THAT WOULD BE LEFT HERE, WHAT YOU'VE DONE  
11 OUT THERE FOR THE COMPOST INDUSTRY HAS BEEN  
12 UNBELIEVABLE. I'VE TALKED TO A LOT OF PEOPLE THE LAST  
13 FEW DAYS FROM FOR CAL REPORT, THE CCQC, THAT YOUR  
14 LEADERSHIP WILL BE MISSED UP HERE, AND THE SOLID WASTE  
15 INDUSTRY WILL MISS YOUR LEADERSHIP FROM DAVID CARREON  
16 TO KELLY ASTOR.

17 SO WHAT I HAVE TO SAY IS THAT YOU'RE THE  
18 PRINCE OF PAPER, THE KING OF COMPOST, THE CAPTAIN OF  
19 ORGANICS, AND THE DEACON OF DEMOLITION THAT WILL ALWAYS  
20 BE THE MASTER OF THE MARKETS.

21 THANK YOU FOR YOUR LEADERSHIP AND WE'LL  
22 MISS YOU.

23 CHAIRMAN RELIS: WELL, I'M NOT GOING TO  
24 COMMENT. THANKS A LOT.

25 OKAY. WE ARE ADJOURNED. THANK YOU.



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(THE MEETING CONCLUDED AT 11:43 P.M.)



